



Altech Chemicals
Limited

ABN 45 125 301 206

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

ALTECH CHEMICALS LTD
ABN 45 125 301 206

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ALTECH CHEMICALS LTD
ABN 45 125 301 206

CORPORATE DIRECTORY

DIRECTORS

Luke Atkins	Chairman
Ignatius Tan	Managing Director
Daniel Tenardi	Non-Executive Director
Peter Bailey	Non-Executive Director
Tunku Yaacob Khyra	Non-Executive Director
Hansjoerg Plaggemars	Non-Executive Director
Uwe Ahrens	Alternate Director (for Tunku Yaacob Khyra)

COMPANY SECRETARY

Martin Stein

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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Subiaco, Western Australia, 6008

Phone: +61 8 6168 1555
Email: info@altechchemicals.com
Website: www.altechchemicals.com

AUDITOR

Moore Australia Audit (WA)
Level 15, Exchange Tower
2 The Esplanade
PERTH WA 6000

SHARE REGISTRY

Automic Pty Ltd
Level 5, 191 St Georges Terrace
Perth, WA, 6000
Telephone: 1300 288 664
+61 2 9698 5414

STOCK EXCHANGE LISTING

Securities of the Company are quoted on the Australian Securities Exchange Limited (ASX) and its shares are also quoted on the Frankfurt Stock Exchange (Börse Frankfurt) (FWB)

Home Exchange:	Perth
ASX Code:	ATC (shares)

FWB Code:	A3Y
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DIRECTORS' REPORT

The Directors present their report on Altech Chemicals Ltd for the half-year ended 31 December 2022.

BOARD OF DIRECTORS

The names and details of the Altech Chemicals Ltd ("Company") directors in office during the financial period and until the date of this report are as follows:

Luke Atkins	Chairman
Ignatius Tan	Managing Director
Daniel Tenardi	Non-Executive Director
Peter Bailey	Non-Executive Director
Tunku Yaacob Khyra	Non-Executive Director
Hansjoerg Plaggemars	Non-Executive Director
Uwe Ahrens	Alternate Director (for Tunku Yaacob Khyra)

Directors were in office for this entire period unless otherwise stated.

COMPANY SECRETARY

Martin Stein

REVIEW OF OPERATIONS

Altech made significant progress during the half-year ended 31 December 2022. Altech entered into a joint venture with Fraunhofer IKTS ('Fraunhofer'), under which the joint venture is commercialising a 100MWh plant to be constructed in Saxony, Germany, to produce CERENERGY® Sodium Alumina Solid State (SAS) batteries for the stationary storage market. In addition, Altech has progressed with construction of its Silumina Anodes™ battery materials coating plant, being built in Saxony, Germany. Definitive Feasibility Studies for both projects are also underway.

To Commercialise 100MWh Sodium Alumina Solid State Batteries for Grid Storage

On 14 September 2022, Altech announced that it had executed a Joint Venture Shareholders' Agreement with world-leading German battery institute Fraunhofer to commercialise Fraunhofer's revolutionary CERENERGY® SAS battery. Altech, inclusive of associated entity Altech Advanced Materials AG, is the majority owner at 75% of the JV company, which will commercialise a 100 MWh project to be constructed on Altech's land in Schwarze Pumpe, Germany. The SAS CERENERGY® battery uses common table salt and ceramic solid-state technology.

SAS CERENERGY® Batteries

Altech believes that SAS CERENERGY® batteries are the game-changing grid storage alternative to lithium-ion batteries. CERENERGY® batteries are fire and explosion-proof, have a life span of more than 15 years and operate in extreme cold and desert climates. The battery technology uses table salt and nickel - is lithium-free; cobalt-free; graphite-free; and copper-free, eliminating exposure to critical metal price rises and supply chain concerns.

The SAS technology has been developed by Fraunhofer over the last eight years and has revolutionised previous technology, allowing higher energy capacity and lower production costs. SAS-type batteries, in terms of capacity, have already been successfully tested in stationary battery modules. The Fraunhofer SAS batteries are in the final phase of product testing and ready to commercialise. Fraunhofer has spent in the region of EUR 35 million on research & development and operates a EUR 25 million pilot plant in Hermsdorf, Germany.

The final CERENERGY® battery modules are specially designed for the grid storage market and have been undergoing extensive performance testing in Germany. These modules are designed to fit in racks housed in sea containers that can be deployed for grid storage.

Fraunhofer was seeking an entrepreneurial partner that had German land available, has access to funding, is a builder of projects, has battery background, and has technology in alumina used in ceramics. Altech fitted the criteria, and the Joint Venture Shareholders' Agreement was executed. Altech, inclusive of associated entity Altech Advanced Materials AG, own 75% of the project with Fraunhofer 25% free carried. The intellectual property will be licensed exclusively to the joint venture.

The joint venture partners have elected to develop a 100MWh SAS battery plant (Train 1) on Altech's site in Saxony, Germany. The target market for this project will specifically focus on the grid (stationary) energy storage market which is expected to grow by 28% CAGR (Compound Annual Growth Rate) in the coming decades. The global grid energy storage market is expected to grow from US\$4.4 billion in 2022 to USD 15.1 billion by 2027. Or further out, the market is expected to grow from 20 GW in 2020 to over 3,000 GW by 2050. Altech believes that SAS batteries can provide high security, at low acquisition and operating costs, for the stationary energy storage market.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

The joint venture partners have commenced the planning process for the Bankable Feasibility Study required for the commercialisation process. Subject to the Train 1 (100 MWh) plant being built and operating, the longer-term vision for the joint venture is to construct additional trains or a Gigawatt battery facility.

Silumina Anodes™ Project Update

The Company announced late last year its game-changing technology of incorporating high-capacity high-purity alumina coated silicon and graphite in lithium-ion batteries, and recently completed a Preliminary Feasibility Study for the construction of a 10,000tpa Silumina Anodes™ plant in Saxony, Germany, that includes an NPV of US\$507M. The Company is in the race to get its patented technology to market. To support the development, Altech has commenced construction of a pilot plant adjacent to the proposed project site to enable the qualification process for its Silumina Anodes™ product.

The pilot plant will produce 120kg per day of the Silumina Anodes™ product, which will then be provided to selected potential end users for product testing.

The pilot plant implementation is well underway and progressing to the expected timeframe. Procurement of pilot plant equipment is well advanced, with all long lead equipment already ordered. The pilot plant will be housed in an existing building in Dock3 at Schwarze Pumpe and required building modifications and panel installation commenced in July 2022 in preparation for pilot plant construction to commence in October 2022.

In anticipation of the pilot plant commissioning, Altech have commenced the Silumina Anodes™ 10,000 tpa Definitive Feasibility Study (DFS) ahead of schedule. The DFS will run in parallel with the pilot plant construction, with the Kuttner Engineering detailed design team transferring to the DFS study. The mass and energy balance from the PFS is currently being validated, with minor changes to the process design simplifying the process in certain areas. Once the final process design is finalised, process flow diagrams (PFDs) and piping and instrument diagrams (PIDs) will be established. Equipment specifications will be finalised and contact with specialised suppliers for firm and final quotes will begin. The Kuttner Engineering DFS team is in place and performing well.

Altech has announced that it had executed a framework agreement with Fraunhofer as a strategic partner to expedite the testing and qualification process for the Company's Silumina Anodes™ product. Fraunhofer boasts labs, technical centres with outstanding equipment at its sites in Dresden (Saxony), Hermsdorf (Thuringia) and several other sites in Germany. Fraunhofer is considered as one of, if not the leading know-how and research centre for battery materials in the world. Fraunhofer recently opened their Battery Innovation and Technology Center (BITC) in Arnstadt.

Update of High Purity Alumina Project

Stage 1 and Stage 2 construction of the Johor HPA plant is completed, and additional finance is being sought to finalise construction. The project is currently on care and maintenance.

KfW IPEX-Bank continues to be in full support of the Company's HPA project, and German Government Export Credit Agency Euler Hermes has extended its US\$170m loan cover. EPC contractor SMS group has reiterated its support of the project. Work is continuing on US\$144m Green Bond offer, as well as the project level equity funding being advanced by US based Del Morgan.

RESULTS OF OPERATIONS

The operating loss after income tax of the Company for the half-year ended 31 December 2022 was \$3,561,194 (2021: \$4,607,755). The Company's basic loss per share for the period was 0.4 cents (2021: 0.3 cents).

No dividend has been paid during or is recommended for the financial period ended 31 December 2022.

FINANCIAL POSITION

The Company's working capital, being current assets less current liabilities at 31 December 2022, was \$3,922,907 (30 June 2022: \$10,728,417).

In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the company during the financial half-year.

EVENTS SINCE 31 DECEMBER 2022

There has not arisen since the end of the half-year any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent periods, apart from the following:

- On 21 February 2023, the Company's shareholders, at a General Meeting, resolved to change the name of the Company to Altech Batteries Ltd. The change of name will be made official subject to an application to the Australian Securities & Investments Commission being approved.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2022 has been received and immediately follows the Directors' Report.

This report has been made in accordance with a resolution of the Board of Directors.



Ignatius Tan
Managing Director

Dated at Perth this 22nd day of February 2023

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED
AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 23rd day of February 2023.

ALTECH CHEMICALS LTD
ABN 45 125 301 206

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2022

	Notes	31-Dec-22 \$	31-Dec-21 \$
Revenue from ordinary activities			
Interest Income	3(a)	160,613	113,829
R&D tax refunds	3(a)	41,570	-
Other income	3(a)	34,519	-
Total Income		236,702	113,829
Expenses			
Employee benefit expense (incorporating director fees)		(2,128,593)	(1,051,567)
Depreciation		(279,570)	(162,883)
Other expenses	3(b)	(1,959,479)	(1,646,530)
Share-based payments		(254,803)	(90,992)
Share in profit/(loss) of associate - Altech Advanced Materials AG (AAM AG)		(241,130)	(167,946)
Fair value gain / (loss) on investment in AAM AG		1,519,813	(1,119,859)
Research and development		(703,642)	(472,192)
Profit/Loss on disposal of assets		(67)	-
Interest expense		(222)	-
Forex gain / (loss)		249,797	(9,615)
Profit/(loss) before income tax expense		(3,561,194)	(4,607,755)
Income tax expense		-	-
Net profit/(loss) from continuing operations		(3,561,194)	(4,607,755)
Other comprehensive profit/(loss)			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Exchange differences on translating foreign controlled entities		(2,030,306)	701,949
Total comprehensive profit/(loss), net of tax		(5,591,500)	(3,905,806)
Profit/(loss) for the half year attributable to:			
Owners of the parent entity		(3,063,507)	(4,543,306)
Non-controlling interest		(497,687)	(64,449)
Total profit/(loss) for the half year, net of tax		(3,561,194)	(4,607,755)
Total comprehensive profit/(loss) for the half year attributable to:			
Owners of the parent entity		(5,093,813)	(3,841,357)
Non-controlling interest		(497,687)	(64,449)
Total comprehensive profit/(loss) for the half year		(5,591,500)	(3,905,806)
Earnings Per Share			
Basic profit/ (loss) per share (\$'s per share)	4	(0.004)	(0.003)
Diluted profit/(loss) loss per share (\$'s per share)	4	(0.004)	(0.003)

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

ALTECH CHEMICALS LTD
ABN 45 125 301 206

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	31-Dec-22 \$	30-Jun-22 \$
Current Assets			
Cash and cash equivalents	5	6,605,934	10,912,939
Trade and other receivables	6	1,266,769	502,908
Total Current Assets		7,872,703	11,415,847
Non-Current Assets			
Property, plant and equipment	7	35,834,984	31,999,798
Right-of-use assets	8	4,565,725	5,950,181
Exploration and evaluation expenditure	9	895,851	782,659
Development expenditure	10	37,188,102	37,679,490
Investment in associate	11	-	3,351,214
Other financial assets	12	4,629,897	-
Other non-current receivables	13	7,469,728	7,208,984
Total Non-Current Assets		90,584,287	86,972,327
TOTAL ASSETS		98,456,990	98,388,174
Current Liabilities			
Lease liabilities		47,330	55,394
Trade and other payables	14	3,696,694	412,222
Provisions	15	205,772	219,814
Total current liabilities		3,949,796	687,430
Non-Current Liabilities			
Lease liabilities		15,180	34,532
Provisions	15	143,394	128,569
Loans payable	16	2,126,079	-
Total Non-Current Liabilities		2,284,653	163,102
TOTAL LIABILITIES		6,234,449	850,531
NET ASSETS		92,222,541	97,537,643
Equity			
Contributed equity	17	124,487,777	124,487,777
Reserves	18	1,951,365	3,726,870
Accumulated losses	19	(33,668,001)	(30,604,494)
Non-controlling interests		(548,600)	(72,510)
TOTAL EQUITY		92,222,541	97,537,643

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

ALTECH CHEMICALS LTD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half-Year Ended 31 December 2022

	Contributed Equity \$	Accumulated losses \$	Share-based payment reserves \$	Foreign currency translation reserves \$	Other equity interests \$	Total \$
At 1 July 2022	124,487,777	(30,604,494)	1,762,369	1,964,499	(72,510)	97,537,641
Profit/(loss) after income tax for the half year	-	(3,063,507)	-	-	(497,687)	(3,561,194)
Other comprehensive profit / (loss) for the half year (net of tax)	-	-	-	(2,030,306)	-	(2,030,306)
Total comprehensive profit/(loss) for the half year	-	(3,063,507)	-	(2,030,306)	(497,687)	(5,591,500)
Transactions with owners in their capacity as owners:						
Issue of share capital (net of issue costs)	-	-	-	-	-	-
Non-controlling interest in share capital of subsidiaries on incorporation	-	-	-	-	21,597	21,597
Share based payments (issue of performance rights)	-	-	254,803	-	-	254,803
At 31 December 2022	124,487,777	(33,668,001)	2,017,172	(65,807)	(548,600)	92,222,541
At 1 July 2021 – as previously reported	107,509,911	(25,930,066)	7,346,777	-	-	88,926,622
Prior period adjustment	-	(1,543,044)	-	1,543,044	-	-
At 1 July 2021 – restated	107,509,911	(27,473,110)	7,346,777	1,543,044	-	88,926,622
Profit / (Loss) after income tax for the half year	-	(4,543,306)	-	-	(64,449)	(4,607,755)
Other comprehensive profit / (loss) for the half year (net of tax)	-	-	-	701,949	-	701,949
Total comprehensive profit / (loss) for the half year	-	(4,543,306)	-	701,949	(64,449)	(3,905,806)
Transactions with owners in their capacity as owners:						
Issue of share capital (net of issue costs)	9,910,024	-	-	-	-	9,910,024
Share based payments (issue of performance rights)	-	-	90,991	-	-	90,991
Exercise of options	234,412	-	-	-	-	234,412
Conversion of performance rights to share capital	3,569,500	-	(3,569,500)	-	-	-
Expiration of performance rights	-	2,338,434	(2,338,434)	-	-	-
At 31 December 2021	121,223,847	(29,677,982)	1,529,834	2,244,993	(64,449)	95,256,243

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

ALTECH CHEMICALS LTD
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CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2022

	31-Dec-22	31-Dec-21
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers, contractors and employees	(3,684,572)	(1,681,642)
Other receipts	34,519	-
R&D refund	306,932	-
Interest paid	(222)	-
Interest received	161,441	113,829
Net cash flows used in operating activities	(3,181,902)	(1,567,813)
Cash Flows from Investing Activities		
Purchase of land, property, plant and equipment	(1,609,078)	(301,559)
Payments for development expenditure	-	(569,055)
Payments for exploration expenditure	(113,192)	(143,954)
Payments for R&D	(703,642)	-
Investment in associate (Altech Advanced Materials AG)	-	(1,713,805)
Sale of 25% Altech Industries Germany GmbH	-	-
Net cash used in investing activities	(2,425,912)	(2,728,373)
Cash Flows from Financing Activities		
Net proceeds from issue of shares	-	9,921,165
Proceeds from exercise of options	-	234,412
Loans from associate (Altech Advanced Materials AG)	1,322,656	-
Lease repayments (principal)	(29,044)	(28,432)
Net cash flows from financing activities	1,293,613	10,127,145
Net increase/(decrease) in cash and cash equivalents	(4,314,201)	5,830,959
Cash and cash equivalents at the beginning of the financial period	10,912,939	6,728,978
Foreign exchange variances on cash	7,196	(2,836)
Cash and cash equivalents at the end of the financial period	6,605,934	12,557,101

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

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The interim financial report of Altech Chemicals Ltd (the Company) for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 22nd February 2023. Altech Chemicals Ltd is a public company incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Altech Chemicals Ltd and its controlled entities (referred to as the consolidated group or the Company). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2022, together with any public announcements made during the following half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2022 annual report.

Going concern

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company has incurred net cash outflow from operating and investing activities for the half-year ended 31 December 2022 of \$5,607,814 (2021: \$4,296,186). Notwithstanding this, as at 31 December 2022, the consolidated entity had net current assets of \$3,922,907 (30 June 2022: net current assets of \$10,728,417).

The Directors will continue to monitor the capital requirements of the Group, and this includes additional capital raisings in future periods as required.

Should the Group be unable to obtain funding, there is a material uncertainty as to whether the Group will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the interim financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

New and amended Accounting Standards and Interpretations adopted by the Company

The consolidated entity has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period.

New or amended accounting standards applicable to future periods are not expected to significantly impact the Company.

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

3. Loss for the year includes the following specific income and expenses

	31-Dec-22	31-Dec-21
	\$	\$
(a) Revenue		
Interest income	160,613	113,829
R&D tax refunds	41,570	-
Other Income	34,519	-
	236,702	113,829
(b) Other expenses		
Accounting and audit fees	(19,508)	(17,778)
ASX and share registry fees	(82,228)	(83,103)
Corporate & consulting	(426,290)	(761,235)
Insurance expense	(273,942)	(247,429)
Occupancy	(253,993)	(146,312)
Legal fees	(224,748)	(75,359)
Investor relations and marketing	(362,072)	(219,677)
Office & administration	(316,698)	(95,637)
	(1,959,479)	(1,646,530)

4. Earnings per share

	31-Dec-22	31-Dec-21
	\$	\$
Basic profit / (loss) per share	(0.004)	(0.003)
Diluted profit / (loss) per share	(0.004)	(0.003)
	Number	Number
The weighted average number of ordinary shares used in the calculation of basic earnings per share was	1,426,765,869	1,330,677,333

5. Cash and cash equivalents

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

	31-Dec-22	30-Jun-22
	\$	\$
Cash at bank and on hand	6,605,934	10,912,939

6. Trade and other receivables

	31-Dec-22	30-Jun-22
	\$	\$
CURRENT RECEIVABLES		
Research and development tax rebate	-	265,362
Prepayments	521,672	-
GST and VAT receivable	660,045	130,231
Deposits paid	45,150	30,383
Altech Advanced Materials AG	25,809	68,930
Other receivables	14,093	8,002
	1,266,769	502,908

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

7. Property, Plant and Equipment

	31-Dec-22	30-Jun-22
	\$	\$
OFFICE EQUIPMENT		
At cost	329,646	281,816
Less: accumulated depreciation	(226,444)	(211,866)
Total office equipment	103,202	69,951
 LAND		
At cost	3,681,167	3,578,359
Total land	3,681,167	3,578,359
 PLANT AND EQUIPMENT		
At cost	225,208	205,774
Less: accumulated depreciation	(72,644)	(36,896)
Total plant and equipment	152,564	168,879
 MALAYSIAN HPA PLANT (work in progress)		
At cost	27,784,252	27,367,758
Total HPA Plant	27,784,252	27,367,758
 GERMAN PILOT PLANT (work in progress)		
At cost	4,113,799	814,852
Total German Pilot Plant	4,113,799	814,852
 Total Property, Plant and Equipment	35,834,984	31,999,798

Reconciliation

Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below:

	31-Dec-22	30-Jun-22
	\$	\$
OFFICE EQUIPMENT		
Carrying amount at the beginning of the year	69,951	101,722
Additions / foreign exchange revaluation	47,829	21,171
Depreciation expense	(14,578)	(52,942)
Carrying amount at the end of the year	103,202	69,951
 LAND		
Carrying amount at the beginning of the year	3,578,359	1,575,497
Additions / foreign exchange revaluation	102,808	2,002,862
Carrying amount at the end of the year	3,681,167	3,578,359
 PLANT AND EQUIPMENT		
Carrying amount at the beginning of the year	168,879	25,857
Additions / foreign exchange revaluation	19,434	168,390
Less: depreciation	(35,749)	(25,368)
Carrying amount at the end of the year	152,564	168,879

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

7. Property, Plant and Equipment (continued)

	31-Dec-22 \$	30-Jun-22 \$
MALAYSIAN HPA PLANT (work in progress)		
Carrying amount at the beginning of the year	27,367,758	28,228,513
Additions / foreign exchange revaluation	416,494	(860,755)
Carrying amount at the end of the period	27,784,252	27,367,758
GERMAN PILOT PLANT (work in progress)		
Carrying amount at the beginning of the year	814,852	-
Additions / foreign exchange revaluation	3,298,947	814,852
Carrying amount at the end of the period	4,113,799	814,852

8. Right-of-use Assets

	31-Dec-22 \$	30-Jun-22 \$
At cost	5,524,577	6,854,271
Accumulated depreciation	(958,852)	(904,090)
Net carrying amount at the end of the period	4,565,725	5,950,181

Reconciliation

Reconciliation of the carrying amount of right-of-use assets at the beginning and end of the current and prior periods are set out below:

Right-of-use assets

At beginning of the period net of accumulated depreciation	5,950,181	6,195,810
Application during the period	(26,934)	(15,345)
Depreciation charge for the period	(54,761)	(230,284)
Foreign currency revaluation	(1,302,761)	-
At 30 June net of accumulated depreciation	4,565,725	5,950,181

9. Exploration and Evaluation Expenditure

	31-Dec-22 \$	30-Jun-22 \$
Carrying amount at the beginning of period	782,659	604,821
Exploration and evaluation expenditure incurred during the period (at cost)	113,192	177,838
Carrying amount at the end of the period	895,851	782,659

10. Development Expenditure

	31-Dec-22 \$	30-Jun-22 \$
Carrying amount at the beginning of the period	37,679,490	36,463,669
Development expenditure incurred during the period (at cost)	270,816	1,215,821
Foreign currency revaluation	(762,204)	-
Carrying amount at the end of the period	37,188,102	37,679,490

The Malaysian HPA plant is part way constructed and is currently on care and maintenance. The Company requires further capital in order to complete the plant. Should the Company not be successful in raising sufficient additional capital, the plant will not be constructed in full. Should this occur, the carrying value shown will not be realised.

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

11. Investment in Associate (Altech Advanced Materials AG)

	31-Dec-22	30-Jun-22
	\$	\$
Carrying amount at the beginning of the period	3,351,214	2,085,439
Acquisition of shares in Altech Advanced Materials AG (AAM AG)	-	1,713,806
Share of associate's loss for the period	(241,130)	(328,979)
Fair value gain / (loss) on investment in AAM AG	1,519,813	(119,052)
Reclassification to Investments ¹	(4,629,897)	-
Carrying amount at the end of the period	-	3,351,214

¹ The Company's ownership in AAM decreased from 27.1% as at 30 June 2022 to 10.86% as at 31 December 2022 as a result of a share issue conducted by AAM. The Company is no longer deemed to have significant influence over AAM and, as such, the Company now accounts for its ownership in AAM as Other Financial Assets. Refer to note 12.

12. Other Financial Assets

	31-Dec-22	30-Jun-22
	\$	\$
Carrying amount at the beginning of the period	-	-
Reclassification from Investment in Associate (AAM AG) ¹	4,629,897	-
Carrying amount at the end of the period	4,629,897	-

¹ The Company's ownership in AAM decreased from 27.1% as at 30 June 2022 to 10.86% as at 31 December 2022 as a result of a share issue conducted by AAM. The Company is no longer deemed to have significant influence over AAM and, as such, the Company now accounts for its ownership in AAM as Other Financial Assets. Refer to note 11.

Altech has agreed that it shall not directly or indirectly, sell, offer, transfer, encumber, dispose of, give notice of, assign or grant options over or take any other action economically equivalent to a sale of its shares in AAM for a period of 24 months from 25 November 2022.

13. Other non-current receivables

	31-Dec-22	30-Jun-22
	\$	\$
Deferred consideration sale of 25% AIG to AAM	7,469,728	7,208,984

The deferred consideration is owed to the Company in three instalments of Euro 1,583,333. AAM has recently received shareholder approval to undertake a capital raising and is also undertaking an issue of convertible notes. Altech anticipates that the first two instalments of deferred consideration will be received subject to a successful capital raising and issue of convertible notes by AAM. Should AAM not be successful in raising capital and subsequently paying the deferred consideration to Altech, the amount receivable may not be realised in full. In the event that this occurs, Altech has the contractual right to receive back the 25% equity held by AAM in Altech Industries Germany GmbH.

14. Trade and other payables

	31-Dec-22	30-Jun-22
	\$	\$
CURRENT PAYABLES (Unsecured)		
Trade creditors	1,576,486	289,623
Accrued expenses	1,977,314	48,102
Payroll tax	23,697	6,255
Other creditors and accruals	119,197	68,242
Total trade and other payables	3,696,694	412,222

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

15. Provisions

	31-Dec-22	30-Jun-22
	\$	\$
CURRENT		
Provision for annual leave	205,772	219,814
NON CURRENT		
Provision for long service leave	143,394	128,569
Total provisions	349,166	348,343

16. Loans Payable

	31-Dec-22	30-Jun-22
	\$	\$
Altech Advanced Materials AG	2,126,079	-

Altech Advanced Materials AG is the holder of 25% of the share capital in subsidiary Altech Energy Holdings GmbH and 25% of the share capital in subsidiary Altech Energy Holdings GmbH. Pursuant to Shareholder Agreements, Altech Chemicals Ltd and Altech Advanced Materials AG provide shareholder loans to each subsidiary in the same proportion to their shareholding proportion. The loans are unsecured, bear simple interest and are repayable on terms unanimously agreed by all shareholders or upon the lending shareholder ceasing to hold any shares.

17. Contributed Equity

	31-Dec-22	30-Jun-22
	\$	\$
(a) Ordinary shares		
Contributed equity at the beginning of the period	124,487,777	107,509,911
Shares issued during the period	-	10,331,350
Options conversion	-	3,498,343
Transfer of historical share-based payment reserve to share capital	-	3,569,500
Transaction costs relating to shares issued	-	(421,327)
Contributed Equity at the end of the reporting period	124,487,777	124,487,777

Movements in ordinary share capital

Ordinary shares on issue at the beginning of reporting period	1,426,765,869	1,286,482,133
Shares issued during the period:		
12-Aug-21 at \$0.08 (Exercise of options)	-	2,600
13-Oct-21 at \$0.08 (Exercise of options)	-	466,722
20-Oct-21 at \$0.08 (Exercise of options)	-	145,729
27-Oct-21 at \$0.08 (Exercise of options)	-	52,231
4-Nov-21 at \$0.08 (Exercise of options)	-	137,500
10-Nov-21 at \$0.08 (Exercise of options)	-	463,419
16-Nov-21 at \$0.08 (Exercise of options)	-	966,819
23-Nov-21 at \$0.08 (Exercise of options)	-	153,844
30-Nov-21 at \$0.08 (Exercise of options)	-	346,862
8-Dec-21 at \$0.08 (Exercise of options)	-	59,440
9-Dec-21 at \$0.107 (Placement)	-	75,964,556
15-Dec-21 at \$0.08 (Exercise of options)	-	14,540
22-Dec-21 at \$0.08 (Exercise of options)	-	120,445
23-Dec-21 at \$0.107 (Share Purchase Plan)	-	20,589,886
4-Jan-22 at \$0.08 (Exercise of options)	-	104,500

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

17. Contributed Equity (continued)

	31-Dec-22	30-Jun-22
	\$	\$
17-Jan-22 at \$0.08 (Exercise of options)	-	93,612
24-Jan-22 at \$0.08 (Exercise of options)	-	587,217
31-Jan-22 at \$0.08 (Exercise of options)	-	3,789,506
14-Feb-22 at \$0.08 (Exercise of options)	-	491,370
28-Feb-22 at \$0.08 (Exercise of options)	-	240,529
14-Mar-22 at \$0.08 (Exercise of options)	-	224,782
24-Mar-22 at \$0.08 (Exercise of options)	-	202,800
31-Mar-22 at \$0.08 (Exercise of options)	-	695,971
7-Apr-22 at \$0.08 (Exercise of options)	-	671,926
21-Apr-22 at \$0.08 (Exercise of options)	-	91,942
27-Apr-22 at \$0.08 (Exercise of options)	-	625,530
3-May-22 at \$0.08 (Exercise of options)	-	27,349,788
10-May-22 at \$0.08 (Exercise of options)	-	2,698,777
17-May-22 at \$0.08 (Exercise of options)	-	900,531
27-May-22 at \$0.08 (Exercise of options)	-	667,420
2-Jun-22 at \$0.08 (Exercise of options)	-	1,362,942
Ordinary shares on issue at the end of the reporting period	1,426,765,869	1,426,765,869

(b) Performance Rights

At 31 December 2022, the Company had the following unlisted performance rights on issue:

performance rights - Managing Director (exercise price: nil)	15,000,000
performance rights - Employees (exercise price: nil)	9,050,000
performance rights - Non-Executive Directors (exercise price: nil)	6,000,000
Total performance rights on issue at 31 December 2022	30,050,000

At 30 June 2022, the Company had the following unlisted performance rights on issue:

performance rights - Managing Director (exercise price: nil)	15,000,000
performance rights - Employees (exercise price: nil)	9,050,000
performance rights - Non-Executive Directors (exercise price: nil)	6,000,000
Total performance rights on issue at 30 June 2022	30,050,000

(c) Listed Options

The Company did not issue any listed options during the reporting period (2021: Nil). At 31 December 2022, the Company did not have any listed options on issue (30 June 2022: Nil).

(d) Unlisted Options

The Company did not issue any unlisted options during the reporting period (2021: Nil). At 31 December 2022, the Company did not have any listed options on issue (30 June 2022: Nil).

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

18. Reserves

	31-Dec-22	30-Jun-22
	\$	\$
Share based payments reserve	2,017,172	1,762,369
Foreign currency translation reserve	(65,807)	1,964,499
Carrying amount at the end of the year	1,951,365	3,726,868

Movements:

Share based payments reserve

Balance at the beginning of the period	1,762,369	7,346,777
Fair value of performance rights issued	254,803	583,626
Transferred to contributed equity – conversion of performance rights to share capital	-	(3,569,500)
Expiration of performance rights	-	(2,598,534)
Balance at end of period	2,017,172	1,762,369

Foreign currency translation reserve

Balance at the beginning of the period	1,964,499	1,543,044
Foreign exchange movements on translation of subsidiary financial statements	(2,030,306)	421,455
Balance at end of period	(65,807)	1,964,499

19. Accumulated losses

	31-Dec-22	30-Jun-22
	\$	\$
Carrying amount at the beginning of the period	(30,604,494)	(27,473,110)
Profit (loss) for the period	(3,063,507)	(5,729,919)
Expiration of performance rights	-	2,598,535
Carrying amount at the end of the period	(33,668,001)	(30,604,494)

20. Events subsequent to balance date

There has not arisen, since the end of the financial period, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years apart from the following:

- On 21 February 2023, the Company's shareholders, at a General Meeting, resolved to change the name of the Company to Altech Batteries Ltd. The change of name will be made official subject to an application to the Australian Securities & Investments Commission being approved.

21. Commitments

On May 2015, the Company entered into an Intercompany Loan Agreement (Agreement) with its 100% owned subsidiary Altech Chemicals Sdn Bhd (ATCSB).

Under the terms of the Agreement:

- The Company extends a loan facility up to the amount of \$100,000,000 to provide funding to enable ATCSB to advance the development of a high purity alumina manufacturing facility in Malaysia.
- Interest payable is nil for the period up to and preceding the date at which ATCSB commences commercial production from its proposed high purity alumina manufacturing facility.
- From the date at which ATCSB commences commercial production from its proposed high purity alumina manufacturing facility, interest shall be charged on the loan at an arms-length commercial rate of interest

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

21. Commitments (continued)

On 1 April 2020, the Company entered into a Shareholder Loan Agreement with its 75% owned subsidiary Altech Industries Germany GmbH (AIG). On 29 December 2020, the Shareholder Loan Agreement was amended to include the party Altech Advanced Materials AG (AAM), the holder of the remaining 25% in AIG.

Under the terms of the Shareholder Loan Agreement and as amended on 29 December 2020:

- The Company extends a loan facility up to the amount of €50,000,000 to provide funding to enable AIG to advance the development of its operations in Germany.
- AIG simultaneously and proportionally (75% to 25%) utilises the facility made available under the AAM Shareholder Loan Agreement. That is, funding to be provided to AIG is allocated in the proportions of 75% by the Company and 25% by AAM.
- Under this agreement, interest payable is nil for the period up to and preceding the date at which AIG commences commercial production from its proposed battery materials manufacturing facility.
- An Amendment Agreement was entered into by both parties on 11 November 2022, following which interest is payable by AIG at 3.25% on outstanding loan amount.

On 22 November 2022, the Company entered into a Shareholder Loan Agreement with its 75% owned subsidiary Altech Energy Holdings GmbH (AEH) and AAM, the holder of the remaining 25% in AEH.

Under the terms of the Shareholder Loan Agreement:

- The Company and AAM provides financing up to the amount of €15,000,000 to AEH proportionally (75% to 25%) to enable AEH to on-lend the funds to its 75% owned subsidiary, Altech Batteries GmbH (ABG) for the development of a 100MWh battery production plant in Saxony, Germany.
- Interest payable by AEH is 3.25% per annum on outstanding loan amount.

On 6 December 2022, the Company's 75% owned subsidiary, AEH entered into a Shareholder Loan Agreement with its 75% owned subsidiary Altech Batteries GmbH (ABG).

Under the terms of the Shareholder Loan Agreement:

- AEH extends a loan facility up to the amount of €15,000,000 to enable ABG to advance the development of a 100MWh battery production plant in Saxony, Germany.
- Interest payable by AEH is 3.25% per annum on outstanding loan amount.

On 7 December 2022, the Company's subsidiary ABG entered into a Research and Development Agreement with Fraunhofer-Institut Fur Keramische Technologien Und Systeme IKTS ("Fraunhofer") to develop battery systems for stationary energy storage based on sodium nickel chloride technology. The aim is to bring the technology to commercial production through the development of a 100MWh battery production plant in Saxony, Germany. Under the terms of the Research and Development Agreement:

- The project starts on 13 September 2022 and has an expected period of performance of 4 years.
- ABG makes quarterly payments up to a total combined amount of €13,600,000 for services performed by Fraunhofer, in accordance with an R&D Payment Plan, over a period of 4 years commencing on 13 December 2022:

Payment Instalment (€ 'mil)	0.360	0.360	0.560	0.660	1.020	1.020	1.370	0.700	1.150	0.900	0.700	0.700	0.550	0.550	1.500	1.500
Payment Date	13.12.2022	13.03.2023	13.06.2023	13.09.2023	13.12.2023	13.03.2024	13.06.2024	13.09.2024	13.12.2024	13.03.2025	13.06.2025	13.09.2025	13.12.2025	13.03.2026	13.06.2026	13.09.2026
Payment	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	P13	P14	P15	P16

- By mutual agreement, the timeline has been pushed back by one month, with the first payment being made in January 2023.
- In the event that ABG fails to provide timely payment, Fraunhofer may terminate the R&D contract.
- If commercialisation becomes unviable through outcome of a Definitive Feasibility Study, ABH may terminate the R&D contract.

Within 1 month from the complete performance of the project and full payment of the €13,600,000, Fraunhofer shall transfer the ownership of the foreground IP in relation to the project to ABG.

ALTECH CHEMICALS LTD
ABN 45 125 301 206

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Altech Chemicals Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2022 and of the performance for the half-year ended on that date of the Company; and
 - (ii) complying with Accounting Standards AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; 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.

On behalf of the Board.



Ignatius Tan
Managing Director

Perth, Western Australia
22 February 2023

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED
AND CONTROLLED ENTITIES****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of Altech Chemicals Limited (the company) and its controlled entities (the consolidated entity or group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard *AASB 134: Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the Directors for the Half-Year Financial Report

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

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ALTECH CHEMICALS LIMITED
AND CONTROLLED ENTITIES (CONTINUED)**

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 23rd day of February 2023.