

APPENDIX 4E

Preliminary final report

1. Company Details

Name of entity

ENERGY TECHNOLOGIES LIMITED

ABN or equivalent company
reference

38 002 679 469

Financial year ended ('current
period')

30 June 2018

Financial year ended ('previous
period')

30 June 2017

2. Results for announcement to the market

\$A'000

2.1 Revenues from operating activities	Up	16.3%	to	16,630
2.2 Loss from operating activities after tax attributable to members	Down	5.7%	to	(3,110)
2.3 Loss for the period attributable to members	Down	5.7%	to	(3,110)
2.4 Dividends	Amount per security		Franked amount per security	
Final dividend	NIL		NIL	
Interim dividend	NIL		NIL	
2.5 Record date for determining entitlements to the dividend	Not applicable			
2.6 Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood:				
Energy Technologies Limited (EGY) has reported a consolidated loss for the year after tax and minority interests of \$3,109,926 (FY2017 loss of \$2,941,203).				
The FY2018 results include a loss after tax of \$1,146,960 (FY2017 loss of \$1,484,904) reported by subsidiary Bambach Wires and Cables Pty Ltd (BWC). There will be further discussion of the result below.				

3. Details of Individual and Total Dividends

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	Final dividend:				
	Current year		-¢	-¢	-¢
	Previous year		-¢	-¢	-¢
	Interim dividend:				
	Current year		-¢	-¢	-¢
	Previous year		-¢	-¢	-¢

Total dividend per security (interim plus final)

	Current year	Previous year
Ordinary securities	-¢	-¢
Preference securities	-¢	-¢

4. Dividend reinvestment plan

Details of any dividend reinvestment plans in operation:

<provide plan details, if any>

N/A

The last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan:

<date, if applicable>

N/A

5. Statement of retained earnings

	Current period - \$A'000	Previous corresponding period - \$A'000
Accumulated losses at the beginning of the financial year	(11,637)	(8,695)
Net profit/(loss) attributable to members	(3,110)	(2,942)
Accumulated losses at the end of the financial year	(14,747)	(11,637)

6.1 Net Tangible Asset backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(2.76c)	(1.74c)

6.2 Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS (cents)	(0.94c)	(0.90c)
Net profit / (loss) after tax for the period attributable to members (\$'000s)	(3,110)	(2,942)
Weighted average number of ordinary securities	331,331,693	326,507,732

7. Details of entities over which control has been gained or lost during the period

7.1 A	Name of entity	No entities were acquired during the period
7.2 A	Date from which control was gained	
7.3 A	Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from operating activities during the period and the profit or loss of such entities during the whole of the previous corresponding period	
7.1 B	Name of entities	No entities were disposed of during the period
7.2 B	Date from which control was gained / lost	
7.3 B	Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from operating activities during the period and the profit or loss of such entities during the whole of the previous corresponding period	

8. Details of Associates and Joint Ventures:

<i>Name of entity</i>	<i>Percentage holding 30 Jun 18</i>	<i>Percentage holding 30 Jun 17</i>
Dulhunty Poles Pty Ltd	8.41%	8.41%

8.1 Where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period:

EGY has fully impaired its investment in Dulhunty Poles Pty Ltd (DPPL).

9 - Comments by directors

EGY has reported a consolidated loss after tax and minorities for FY2018 of \$3,109,926 (FY2017 loss after tax and minorities \$2,941,203). Wholly owned subsidiary Bambach Wires and Cables Pty Ltd (BWC) reported a loss after tax of \$1,146,960 (FY2017 loss \$1,484,904).

BWC reported a loss after tax of \$654,935 for the Half Year to 31 December 2017 and the full year result is impacted by a \$340,000 provision against inventory. BWC revenue for FY2018 was 16% higher than reported for FY2017.

New orders for FY2018 were 10% up on the previous period. Overall margins were also improved, with an average 5% uplift after allowing for scrap content.

Included in FY2018 revenue is \$1,148,210 R&D Grant (FY2017 R&D Grant revenue \$1,189,865) which partially recovered the continuing significant research and development expenditure undertaken by BWC in new product development, cable projects and testing.

The company continues to be supported by its investors and over the period has raised required funds to support the business. Funds totaling \$1,990,841 have been raised through further loans.

The loss position of the company continues to be of great concern but as previously announced the company has been awarded an RJIP Grant of \$2.9m which it is in the process of prosecuting. Further announcements on progress in this regard will be made over the coming months.

10. This report is based on accounts to which one of the following applies.

☐

The accounts have been audited.

☐

The accounts have been subject to review.

☒

The accounts are in the process of being audited or subject to review.

☐

The accounts have *not* yet been audited or reviewed.

11. Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review:

None

12. Description of dispute or qualification if the accounts have been audited or subject to review:

N/A

Sign here:



Print name: Alfred Chown
Managing Director

Date: 31 August 2018

ENERGY TECHNOLOGIES LIMITED

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2018

		CONSOLIDATED	
	Notes	2018 \$'000	2017 \$'000
CONTINUING OPERATIONS			
Sale of goods	2a	15,270	12,913
Cost of sales		(12,631)	(10,777)
Gross profit		2,639	2,136
Rendering of services	2a	194	131
Other revenue	2b	1,166	1,253
Marketing expenses		(43)	(49)
Occupancy expenses		(692)	(582)
Administrative expenses		(4,243)	(4,226)
Borrowing costs	3	(1,574)	(1,116)
Depreciation and amortisation expenses	3	(370)	(284)
Other expenses		(194)	(241)
LOSS FOR THE YEAR BEFORE INCOME TAX		(3,117)	(2,978)
Income tax benefit (expense)		(10)	21
LOSS FOR THE YEAR AFTER INCOME TAX		(3,127)	(2,957)
(PROFIT) LOSS ATTRIBUTABLE TO MINORITY INTEREST		17	15
LOSS ATTRIBUTABLE TO MEMBERS OF ENERGY TECHNOLOGIES LIMITED		(3,110)	(2,942)

The accompanying notes form part of these financial statements.

ENERGY TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	CONSOLIDATED	
	2018 \$'000	2017 \$'000
LOSS FOR THE YEAR	(3,127)	(2,957)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX:		
(a) Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Movement in foreign exchange relating to translation of controlled foreign entities	(2)	1
Exchange difference on foreign exchange relating to minorities	(2)	1
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(4)	2
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(3,131)</u>	<u>(2,955)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Members of the parent entity	(3,112)	(2,941)
Minority equity interest	(19)	(14)
	<u>(3,131)</u>	<u>(2,955)</u>
Earnings per Share		
From continuing operations:		
• Basic loss per ordinary share (cents)	(0.94)	(0.90)
• Diluted loss per ordinary share (cents)	(0.94)	(0.90)

ENERGY TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	CONSOLIDATED 2018 \$'000	2017 \$'000
CURRENT ASSETS			
Cash and cash equivalents		189	699
Trade and other receivables		3,294	3,957
Inventories		4,555	4,657
Other current assets		122	107
TOTAL CURRENT ASSETS		8,160	9,420
NON-CURRENT ASSETS			
Property, plant and equipment		3,035	3,018
Intangibles		2,718	1,727
Deferred tax assets		177	187
Other receivables		82	74
TOTAL NON-CURRENT ASSETS		6,012	5,006
TOTAL ASSETS		14,172	14,426
CURRENT LIABILITIES			
Trade and other payables		5,877	5,062
Financial liabilities		10,122	8,045
Provisions		662	676
TOTAL CURRENT LIABILITIES		16,661	13,783
NON-CURRENT LIABILITIES			
Financial liabilities		4,276	4,507
Provisions		119	106
TOTAL NON-CURRENT LIABILITIES		4,395	4,613
TOTAL LIABILITIES		21,056	18,396
NET LIABILITIES		(6,884)	(3,970)
EQUITY			
Issued capital	5	9,496	9,279
Reserves		(1,052)	(1,050)
Accumulated losses		(14,747)	(11,637)
Parent interests		(6,303)	(3,408)
Minority interests		(581)	(562)
TOTAL DEFICIENCY		(6,884)	(3,970)

The accompanying notes form part of these financial statements

ENERGY TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2018

	Issued Capital \$'000	Reserve \$'000	Accumulated Losses \$'000	Minority Interest \$'000	Total \$'000
Balance at 1 July 2016	9,279	(1,051)	(8,695)	(548)	(1,015)
Comprehensive income					
Loss for the year	-	-	(2,942)	(15)	(2,957)
Other comprehensive income for the year	-	1	-	1	2
Total comprehensive loss for the year	-	1	(2,942)	(14)	(2,955)
Transactions with owners, in their capacity as owners, and other transfers					
Equity contributions	-	-	-	-	-
Total transaction with owners, in their capacity as owners, and other transfers	-	-	-	-	-
Balance at 30 June 2017	9,279	(1,050)	(11,637)	(562)	(3,970)
Comprehensive income					
Loss for the year	-	-	(3,110)	(17)	(3,127)
Other comprehensive loss for the year	-	(2)	-	(2)	(4)
Total comprehensive loss for the year	-	(2)	(3,110)	(19)	(3,131)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued in lieu of directors fees	217	-	-	-	217
Total transaction with owners, in their capacity as owners, and other transfers	217	-	-	-	217
Balance at 30 June 2018	9,496	(1,052)	(14,747)	(581)	(6,884)

The accompanying notes form part of these financial statements.

ENERGY TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Notes	CONSOLIDATED 2018 \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		17,309	13,725
Payments to suppliers and employees		(17,981)	(15,609)
Borrowing costs		(153)	(1,368)
NET CASH (OUTFLOWS) FROM OPERATING ACTIVITIES	4	(825)	(3,252)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		4	-
Purchases of property, plant and equipment		(301)	(1,220)
Purchases of intangible development assets		(1,081)	(929)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(1,378)	(2,149)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issue of Debenture loan		-	6,816
Proceeds from other borrowings		521	1,243
Repayment of borrowings		(298)	(1,970)
Proceeds of Loans from directors		1,470	-
NET CASH INFLOWS FROM FINANCING ACTIVITIES		1,693	6,089
NET INCREASE (DECREASE) IN CASH HELD		(510)	688
Add: Opening cash brought forward		699	11
CLOSING CASH AT THE END OF THE YEAR		189	699

The accompanying notes form part of these financial statements.

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

1. BASIS OF PREPARATION

a) Basis of preparation

The preliminary final report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The preliminary final report should be read in conjunction with the half-year financial report of Energy Technologies Limited as at 31 December 2017. It is also recommended that the financial report be considered together with any public announcements made by Energy Technologies Limited and its controlled entities during the year ended 30 June 2018 in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

This preliminary final report has been prepared in accordance with the requirements of the Australian Securities Exchange listing rules.

This preliminary final report does not constitute the full financial report for the year ended 30 June 2018.

b) Going Concern

The consolidated entity incurred a loss after tax attributable to members of \$3,109,926 (2017: \$2,941,203), and incurred negative cash flows from operations of \$824,934 for the year ended 30 June 2018 (2017: negative \$3,251,666). At balance date, including Debenture Notes totalling \$6,816,000, current liabilities exceeded current assets by \$8,501,418. The Debentures have a maturity date of 31 December 2020 and Directors do not expect the Debenture Notes will be redeemed within the twelve month period following the date of this report.

These matters give rise to a material uncertainty that may cast significant doubt upon the consolidated entity's ability to continue as a going concern. The ongoing operation of the consolidated entity is dependent upon it:

- (a) achieving cash flow positive trading operations from its existing business; and
- (b) continued financial support from its current financiers;

Management have prepared a cash flow projection for the period to 30 September 2018 that supports the ability of the consolidated entity to continue as a going concern. The FY2019 budget on which the cash flow projection is based forecasts a 17% increase in sales revenues for the FY2019 from the FY2018 actual year. The cash flow projection also assumes the secured debenture facility remains in place.

In the event that the consolidated entity is unable to achieve the matters detailed above, it may not be able to continue as a going concern and therefore the consolidated entity may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the consolidated entity and company not continue as going concerns.

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
2. REVENUES FROM CONTINUING OPERATIONS		
a) Revenue from continuing operations		
Sale of goods	15,270	12,913
Services revenue	194	131
	<u>15,464</u>	<u>13,044</u>
b) Other revenues from continuing operations		
- R&D Grant	1,148	1,190
- Finance revenue	17	61
- Other income	1	2
	<u>1,166</u>	<u>1,253</u>
Total revenues from continuing operations	<u>16,630</u>	<u>14,297</u>
3. EXPENSES		
Included in the determination of net profit / (loss) before tax from continuing operations are the following expenses.		
Depreciation and amortisation of: non-current assets		
Plant and equipment	245	205
Building and leasehold improvements	3	3
Furniture, fixtures and fittings	4	6
Motor vehicles	17	20
Computer equipment	12	6
Intangibles	89	44
Total depreciation and amortisation of non-current assets	<u>370</u>	<u>284</u>
Borrowing costs expensed:		
Borrowing expense	88	48
Interest expense	1,486	1,068
	<u>1,574</u>	<u>1,116</u>
Superannuation contributions	<u>461</u>	<u>429</u>
Operating lease rental expense:		
Minimum lease payments	<u>934</u>	<u>880</u>

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
4. STATEMENT OF CASH FLOWS		
Reconciliation of the net loss after tax to the net cash flows from operations		
Loss from operating activities after income tax	(3,127)	(2,957)
Add / (less) Non-cash items		
Depreciation of non-current assets	281	240
Amortisation of intangible assets	89	44
Unrealised foreign exchange movements	-	2
HP interest	60	26
Transaction cost of Debentures	87	(277)
Non-operating cash flow cash items		
Loss on sale of assets	-	11
Shares issued in lieu of Director Fees	217	-
Changes in assets and liabilities		
(Increase) / decrease in inventories	102	(1,048)
(Increase) / decrease in trade and other receivables	663	(615)
(Decrease) / Increase in payables	815	1,224
(Increase) / decrease in deferred tax asset	10	(21)
(Increase) / decrease in other-current assets	(15)	38
(Increase) / decrease in other-non-current receivables	(8)	(29)
Net movement in provisions for employee entitlements	1	110
Net cash (used in) operating activities	(825)	(3,252)

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

5. CONTRIBUTED EQUITY	CONSOLIDATED	
	2018	2017
Issued capital	\$	\$
348,245,332 (326,507,732 – 2017) ordinary shares fully paid	<u>9,496,447</u>	<u>9,279,071</u>

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

6. Segment Reporting

Primary reporting - Business segments

	Energy/Energy Infrastructure		Investment		Total	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	16,614	14,236	16	61	16,630	14,297
Segment result before income tax	(1,160)	(1,524)	(1,957)	(1,454)	(3,117)	(2,978)
Income tax (expense)/benefit	(10)	21	-	-	(10)	21

The group's primary business segment is Energy/Energy Infrastructure products.

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

7. SUBSEQUENT EVENTS

There has not arisen since the end of the financial period any other matter of circumstance which, in the opinion of the directors of the Company, significantly affects the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Compliance statement

1. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards issued by the IASB.
2. This preliminary report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This preliminary report does give a true and fair view of the matters disclosed.
4. The accounts are in the process of being audited.
5. The entity has a formally constituted audit committee.

Sign here:



Print name: Alfred Chown
Managing Director

Date: 31 August 2018