RULE 4.2A.3

APPENDIX 4D

Half Year report

1. Company Details

Name of entity

Energy Technologies Limited

ABN or equivalent company reference	Reporting Period ('current period')	Previous corresponding period ('previous period')
38 002 679 469	31 December 2019	31 December 2018

2. Results for announcement to the market

			%		$A'000
2.1	Revenues from ordinary activities	Down	7.9%	to	5,277
2.2	Loss from ordinary activities after tax attributable to members	Up	50.9%	to	(2,749)
2.3	Loss for the period attributable to members	Up	50.9%	to	(2,749)

2.4 **Dividends**	Amount per security	Franked amount per security
Final dividend	-¢	-¢
Interim dividend	-¢	-¢

2.5 Record date for determining entitlements to the dividend	No dividend proposed or paid.

Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood

REVIEW AND RESULTS OF OPERATIONS

Half-year results

EGY reported a consolidated loss after tax and minorities of $2,748,760 (December 2018 Half Year Loss $1,821,656). EGY's wholly owned subsidiary Bambach Wires and Cables Pty Ltd (BWC) reported a loss after tax of $2,325,542 compared to December 2018 Half Year loss of $1,091,447. BWC Revenue from continuing operations was $5,277,209 net of rebates, a decrease of 7.9% on the previous corresponding December 2018 Half Year revenue of $5,727,211. Apart from a substantially higher cost load due to temporarily operating two manufacturing facilities, which of course impacted profitability, manufacturing operations were also impacted in the period due to the transitioning of manufacturing from the Sydney factory to the new Rosedale Victoria site. Production capacity was reduced as machines went offline in Sydney and production was brought to Rosedale. Staff levels in Sydney were also reduced over this time and new staff trained up in Rosedale, however training is ongoing and production staff will only become truly effective in calendar year 2020. The largest impact occurred on stock items as the focus during this period was to meet project order delivery dates. The reduction in manufacturing stock items reduced monthly sales as branch stock levels eroded. The lack of stock forms the bulk of the reduction in revenue for the period.

Income accrued for HY 2020 R&D Grant of $300,000 (December 2018 $720,000) has again been netted against the eligible expenditure to comply with Australian Accounting Standards. The R&D accrual is lower than the previous period as the documentation of research and development on projects identified has been impacted by transitional issues relating to the relocation of the main factory to Rosedale. Management expect the R&D expenditure to increase significantly in second half FY2020 and a claim in excess of FY2019 is anticipated as the new facility opens up the opportunity for manufacture of a much larger range, size and type of cable, and as the company progresses with work it has underway for a raft of products under consideration for the Future Submarine Project and other Defence projects for which it has trial orders or an indication of such orders.

The implementation of AASB16 accounting standard for leases for the first time has increased net expenses by $116,551.

The group result for the half year ended 31 December 2019 was primarily driven by the transitional disruption due to the re-structuring process as highlighted above and in the FY2019 Annual Report, in particular the finalisation of the installation and commissioning of equipment in Rosedale. Rosedale set up costs have now reduced to a point where they are relatively immaterial but over the period in question they were substantial and impacted the P&L. No revenue was recorded for HY2020 from the facility which was delayed in starting production by 3 months. This placed working capital constraints on the business, now being addressed by increased finance facilities including a trade finance facility to enable increased raw material requirements to be met to meet a strong project order book and a full restocking program. Significant Production has since commenced at Rosedale with the factory starting a second shift in February taking machine operating times from roughly 6 hours per day to 18 hours with a subsequent large increase in production capacity.

Full relocation of all equipment from the Sydney facility is planned to be completed by end May 2020, the Rosedale facility will assume all production. Substantial cost reductions will apply from 30 June 2020 as the Sydney lease expires and other Sydney overheads are reduced.

3.1 Net Tangible Assets per security	Current period	Previous corresponding period
Net tangible assets per security.	7.57 cents	(3.26) cents

Intangible assets and right-of-use assets have been excluded from the calculation of net tangible assets per security.

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

4.1 A	Name of entity	N/A
4.2 A	Date from which control was gained	
4.3 A	Where material to an understanding of the report – the contribution of such entity to the reporting entity’s profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period	

4.1 B	Name of entities	N/A
4.2 B	Date from which control was lost	
4.3 B	Where material to an understanding of the report – the contribution of such entities to the reporting entity’s profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period	

5. 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
	Dividend 1		¢	¢	¢

Total dividend per security:

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

6. Dividend reinvestment plan

Details of any dividend reinvestment plans in operation:

None

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

7. Details of Associates and Joint Ventures:

Name of entity	*Percentage holding 31/12/19*	*Percentage holding 31/12/18*

7.1 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:

N/A

8. For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International Financial Reporting Standards)

Dulhunty Engineering Limited (formerly Dulhunty Power International Limited) which adopts Australian Accounting Standards.

9. For all entities, if the accounts contain an independent audit report or review that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph:

Emphasis of Matter paragraph in relation to Going Concern.

Sign here:

Date: 27 February 2020

Alfred J Chown (Director)

ENERGY TECHNOLOGIES LIMITED (ASX: EGY)

ABN 38 002 679 469

Half-Year Financial Report

for the half-year ended 31 December 2019

Corporate Information

ABN 38 002 679 469

Directors

Alfred J. Chown (Chairman, Managing Director)
Gary A. Ferguson (Non-Executive Director)
Philip W. Dulhunty (Non-Executive Director)
Yulin Hu (Non-Executive Director)
Matthew Driscoll (Non-Executive Director)
Meiping Hu (Alternate Director to Yulin Hu)

Company Secretary

Gregory R. Knoke

Registered Office

102 Old Pittwater Road
BROOKVALE NSW 2100

Bankers

National Australia Bank Limited
NAB House, 255 George Street
Sydney NSW 2000

Share Register

Computershare Investor Services Pty Ltd
60 Carrington Street
Sydney NSW 2000
Telephone:- (02) 8234 5000
Facsimile:- (02) 8235 8150

Auditors

Grant Thornton Audit Pty Ltd
Chartered Accountants
Level 17
383 Kent Street
SYDNEY NSW 2000
Telephone: - (02) 8297 2400

Contents

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2019

DIRECTORS

The names and details of the Company's Directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Alfred J. Chown (Chairman, Managing Director) Appointed 4 July 1997.
Gary A. Ferguson (Non-Executive Director) Appointed on 1 October 2012.
Philip W. Dulhunty (Non-Executive Director) Appointed 3 December 2014.
Yulin Hu (Non-Executive Director) Appointed 25 November 2015.
Matthew Driscoll (Non-Executive Director) Appointed 20 December 2016.
Meiping Hu (Alternate Director to Yulin Hu) Appointed 25 November 2015.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities during the half-year of entities within the economic entity were the manufacture and sale of specialist industrial cables.

REVIEW AND RESULTS OF OPERATIONS

EGY reported a consolidated loss after tax and minorities of $2,748,760 (December 2018 Half Year Loss $1,821,656). EGY's wholly owned subsidiary Bambach Wires and Cables Pty Ltd (BWC) reported a loss after tax of $2,325,542 compared to December 2018 Half Year loss of $1,091,447. BWC Revenue from continuing operations was $5,277,209 net of rebates, a decrease of 7.9% on the previous corresponding December 2018 Half Year revenue of $5,727,211. Apart from a substantially higher cost load due to temporarily operating two manufacturing facilities, which of course impacted profitability, manufacturing operations were also impacted in the period due to the transitioning of manufacturing from the Sydney factory to the new Rosedale Victoria site. Production capacity was reduced as machines went offline in Sydney and production was brought to Rosedale. Staff levels in Sydney were also reduced over this time and new staff trained up in Rosedale, however training is ongoing and production staff will only become truly effective in calendar year 2020. The largest impact occurred on stock items as the focus during this period was to meet project order delivery dates. The reduction in manufacturing stock items reduced monthly sales as branch stock levels eroded. The lack of stock forms the bulk of the reduction in revenue for the period.

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REVIEW AND RESULTS OF OPERATIONS (Continued

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Full relocation of all equipment from the Sydney facility is planned to be completed by end May 2020, the Rosedale facility will assume all production. Substantial cost reductions will apply from 30 June 2020 as the Sydney lease expires and other Sydney overheads are reduced.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors' Report for the half-year ended 31 December 2019.

Signed in accordance with a resolution of the Directors.

Alfred J Chown
Managing Director
Sydney, 27 February 2020

Level 17, 383 Kent Street
Sydney NSW 2000

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Sydney NSW 1230

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W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Energy Technologies Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Energy Technologies Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 27 February 2020

Condensed Consolidated Statement of Profit or Loss

for the half-year ended 31 December 2019

	Note	CONSOLIDATED 31 December 2019 $	31 December 2018 $
Continuing Operations			
Sales revenue	3(i)	**5,222,683**	5,718,753
Other revenues	3(i)	**54,526**	8,458
Total revenue from continuing operations		**5,277,209**	5,727,211
Cost of sales		**(4,544,032)**	(4,322,017)
Marketing expenses		**(70,722)**	(23,247)
Occupancy expenses		**-**	(328,759)
Administration expenses		**(2,073,659)**	(2,114,392)
Depreciation and Amortisation expenses		**(844,527)**	(225,527)
Other expenses		**(30,961)**	(49,754)
LOSS BEFORE FINANCE COSTS, INCOME TAX		**(2,286,692)**	(1,336,485)
Finance costs	3(ii)	**(404,588)**	(491,750)
LOSS BEFORE INCOME TAX		**(2,691,280)**	(1,828,235)
INCOME TAX (EXPENSE)/BENEFIT		**(64,075)**	490
LOSS AFTER INCOME TAX		**(2,755,355)**	(1,827,745)
LOSS ATTRIBUTABLE TO:			
Owners of the parent		**(2,748,760)**	(1,821,656)
Non-controlling interest		**(6,595)**	(6,089)
		(2,755,355)	(1,827,745)

The condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Other Comprehensive Income

for the half-year ended 31 December 2019

	CONSOLIDATED	
	31 December 2019 $	31 December 2018 $
LOSS FOR THE PERIOD	**(2,755,355)**	(1,827,745)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss		
Movement in foreign exchange relating to translation of controlled foreign entities	**(179)**	(2,840)
Exchange differences on foreign exchange relating to minorities	**(179)**	(2,839)
	(358)	(5,679)
TOTAL COMPREHENSIVE (LOSS)	**(2,755,713)**	(1,833,424)
TOTAL COMPREHENSIVE (LOSS) ATTRIBUTABLE TO:		
Owners of the parent	**(2,748,939)**	(1,824,496)
Non-controlling interest	**(6,774)**	(8,928)
	(2,755,713)	(1,833,424)
Earnings per Share		
From continuing operations:		
• Basic loss per ordinary share (cents)	**(3.21)**	(0.52)
• Diluted loss per ordinary share (cents)	**(3.21)**	(0.52)

The condensed consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

as at 31 December 2019

		CONSOLIDATED	
		31 December 2019	30 June 2019
ASSETS	**Note**	**$**	$
CURRENT ASSETS			
Cash and cash equivalents		**17,376**	29,940
Trade and other receivables	**5**	**2,536,865**	5,248,053
Inventories		**2,640,444**	3,479,718
Other current assets		**334,802**	212,380
TOTAL CURRENT ASSETS		**5,529,487**	8,970,091
NON CURRENT ASSETS			
Plant & equipment	**4**	**12,806,433**	11,768,283
Right of use assets	**6**	**3,954,768**	-
Intangible assets		**3,984,369**	4,083,426
Deferred tax asset		**202,580**	266,656
Other receivables		**233,435**	209,024
TOTAL NON-CURRENT ASSETS		**21,181,585**	16,327,389
TOTAL ASSETS		**26,711,072**	25,297,480
CURRENT LIABILITIES			
Trade and other payables		**4,183,338**	4,587,414
Financial liabilities	**7**	**2,639,403**	2,438,470
Lease liabilities	**6**	**925,612**	-
Short-term provisions		**734,233**	823,184
TOTAL CURRENT LIABILITIES		**8,482,586**	7,849,068
NON-CURRENT LIABILITIES			
Financial liabilities	**7**	**463,402**	129,662
Lease liabilities	**6**	**3,145,707**	-
Long-term provisions		**190,389**	196,049
TOTAL NON-CURRENT LIABILITIES		**3,799,498**	325,711
TOTAL LIABILITIES		**12,282,084**	8,174,779
NET ASSETS		**14,428,988**	17,122,701
EQUITY			
Issued capital	**8**	**25,341,229**	25,279,229
Reserves		**5,783,469**	5,783,648
Accumulated losses		**(16,092,001)**	(13,343,241)
Parent interest		**15,032,697**	17,719,636
Non-controlling interest		**(603,709)**	(596,935)
TOTAL EQUITY		**14,428,988**	17,122,701

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

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2019

	Issued Capital $	Reserves $	Accumulated Losses $	Non-Controlling Interest $	Total $
Balance at 1.7.2018	9,496,447	(1,051,734)	(14,746,798)	(581,058)	(6,883,143)
Comprehensive income					
Loss for the period	-	-	(1,821,656)	(6,089)	(1,827,745)
Other comprehensive loss for the period, net of income tax	-	(2,840)	-	(2,839)	(5,679)
Total comprehensive income/(loss) for the period	-	(2,840)	(1,821,656)	(8,928)	(1,833,424)
Balance at 31.12.2018	9,496,447	(1,054,574)	(16,568,454)	(589,986)	(8,716,567)
Balance at 1.7.2019	**25,279,229**	**5,783,648**	**(13,343,241)**	**(596,935)**	**17,122,701**
Comprehensive income					
Loss for the period	**-**	**-**	**(2,748,760)**	**(6,595)**	**(2,755,355)**
Other comprehensive loss for the period, net of income tax	**-**	**(179)**	**-**	**(179)**	**(358)**
Total comprehensive income/(loss) for the period	**-**	**(179)**	**(2,748,760)**	**(6,774)**	**(2,755,713)**
Transactions with owners in their capacity as owners and other transfers					
Contribution of equity	**62,000**	**-**	**-**	**-**	**62,000**
Total transactions with owners, in their capacity as owners, and other transfers	**62,000**	**-**	**-**	**-**	**62,000**
Balance at 31.12.2019	**25,341,229**	**5,783,469**	**(16,092,001)**	**(603,709)**	**14,428,988**

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

Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2019

	CONSOLIDATED	
	31 December 2019	31 December 2018
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**6,388,823**	6,270,065
Interest Received	**543**	214
Payments to suppliers and employees	**(6,740,391)**	(7,192,093)
Borrowing costs	**(380,630)**	(72,238)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	**(731,655)**	(994,052)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment	**11,400**	-
Purchase of property, plant and equipment	**(1,261,948)**	(33,488)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	**(1,250,548)**	(33,488)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	**1,516,591**	888,077
Government Grant	**2,110,703**	1,450,000
Repayment of borrowings	**(1,657,656)**	(159,330)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	**1,969,638**	2,178,747
NET INCREASE/(DECREASE) IN CASH HELD	**(12,565)**	1,151,207
Cash at beginning of the financial period	**29,940**	188,541
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	**1**	39
CLOSING CASH BALANCE AT END OF FINANCIAL PERIOD	**17,376**	1,339,787

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

Notes to the Half –Year Financial Statements

31 December 2019

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

(a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The half-year financial report is intended to provide users with an update on the latest annual financial statements of Energy Technologies Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the Annual Financial Report of Energy Technologies Limited for the year ended 30 June 2019 together with any public announcements made during the half-year.

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 some of the matters discussed at Note 1(c) below.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 27 February 2020.

(b) Going Concern

The consolidated entity incurred a loss after tax and non-controlling interest of $2,748,760 (2018 $1,821,656) and incurred negative cash flows from operations of $731,655 (December 2018 $994,052) for the half year ended 31 December 2019. Revenues in subsidiary Bambach Wires and Cables Pty Ltd were down 7.9% on the previous corresponding period. As stated in the Directors' Review, this was caused primarily by transitional issues as the company establishes the new factory facility in Rosedale and winds down production in Sydney, which will address the lack of production capacity for larger cables and inadequate production efficiency.
At 31 December 2019 the consolidated entity had net assets of $14,428,988 (June 2019: $17,122,701) including the recognition of deferred tax assets of $202,580 and intangible assets of $3,984,369. At balance date, current liabilities exceeded current assets by $2,953,099, including a lease liability current portion of $925,612 which was recorded under initial application of AASB16 Leases.

Nevertheless, these matters give rise to a continuing 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 higher sales and achieving positive cash flow trading operations from its business;
(b) improving factory output and cost efficiencies as forecast in the new Rosedale factory facility;
(c) continued financial support from its current financiers and directors;
(d) raising further equity or funding over the ensuing 12 months

Management have prepared a cash flow projection (including the above assumptions) for the period to 28 February 2021 that supports the ability of the consolidated entity to continue as a going concern. As a consequence of these matters, the Directors believe the consolidated entity will continue as a going concern and it is appropriate to prepare these financial statements on that basis.

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.

Notes to the Half –Year Financial Statements

31 December 2019

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(c) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations adopted during the period are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 $
Operating Lease commitments as at 1 July 2019 (AASB117)	**5,327,658**
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (AASB 16)	**(726,567)**
Right-of-use assets (AASB 16)	**4,601,091**
Lease liabilities - current (AASB 16)	**(1,083,416)**
Lease liabilities - non-current (AASB 16)	**(3,517,675)**
Impact on opening retained earnings as at 1 July 2019	**-**

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

Notes to the Half –Year Financial Statements

31 December 2019

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

2. SEGMENT INFORMATION

Business segments

Management identifies its operating segments based on the Group's service lines, which represent the main products provided by the Group. The Group's main operating segments are specialist and industrial cables and investment.

During the half-year period to 31 December 2019, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss. The revenues and profit/(loss) generated by each of the Group's operating segments and segment assets are summarised as follows:

	Cables		Investment		Total	
	31/12/2019	31/12/2018	**31/12/2019**	31/12/2018	**31/12/2019**	31/12/2018
	$	$	**$**	$	**$**	$
Revenue	**5,268,965**	5,718,967	**8,244**	8,244	**5,277,209**	5,727,211
Segment result before income tax	**(2,268,658)**	(1,098,115)	**(422,622)**	(730,120)	**(2,691,280)**	(1,828,235)
Income tax (expense)/benefit	**(64,075)**	490	**-**	-	**(64,075)**	490
Loss after income tax	**(2,332,733)**	(1,097,625)	**(422,622)**	(730,120)	**(2,755,355)**	(1,827,745)
Segment Assets	**26,476,802**	14,286,322	**234,270**	326,225	**26,711,072**	14,612,547
Segment Liabilities	**24,179,753**	14,915,853	**(11,897,669)**	8,413,261	**12,282,084**	23,329,114

Notes to the Half –Year Financial Statements

31 December 2019

3. REVENUE, INCOME AND EXPENSES

(i) Revenue from continuing operations

	31 December 2019 $	31 December 2018 $
Sale of goods	**5,222,683**	5,718,753
Other Revenues:		
Finance revenue	**543**	214
Other income	**53,983**	8,244
Total Other Revenues	**54,526**	8,458
	5,277,209	5,727,211
(ii) Finance costs		
Loans and convertible notes	**-**	407,947
Leasing finance cost	**109,587**	-
Borrowing costs	**295,001**	83,803
	404,588	491,750

(iii) The Group's revenue is entirely within Australia.

(iv) The Group's revenue disaggregated by pattern of revenue recognition is as follows:

Six months to 31 December 2019

	Manufacturing $	**Total $**
Goods transferred at a point in time	5,222,683	5,222,683
Total	**5,222,683**	**5,222,683**

Six months to 31 December 2018

	Manufacturing $	Total $
Goods transferred at a point in time	5,718,753	5,718,753
Total	5,718,753	5,718,753

Notes to the Half –Year Financial Statements

31 December 2019

4. PLANT AND EQUIPMENT

Acquisitions and disposals

During the half-year ended 31 December 2019 the group acquired fixed assets at a cost of $ 1,261,948 (December 2018: $33,488).

Plant and equipment disposals during the half year ended 31 December 2019 provided net proceeds of $11,400 (December 2018: $Nil).

5. TRADE AND OTHER RECEIVABLES

	31 December 2019 $	30 June 2019 $
CURRENT		
Trade receivables	**1,659,093**	2,771,947
R & D grant receivable	**300,000**	948,604
Government grant receivable	**-**	1,075,143
Other receivables	**577,772**	452,359
	2,536,865	5,248,053

6. NON CURRENT ASSETS – RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of Use Assets	**$**	$
Right of use	**4,601,091**	-
Less: Accumulated Amortisation	**(646,323)**	-
	3,954,768	-

The consolidated entity has leased office premises under operating leases with various expiry dates, some with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Office Premises $
Balance at 1 July 2019	**-**
Adoption of AASB 16 on 1 July 2019	**4,601,091**
Additions	**-**
Amortisation expense	**(646,323)**
Balance at 31 December 2019	**3,954,768**

Notes to the Half –Year Financial Statements

31 December 2019

6. NON CURRENT ASSETS – RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

	Note	31 December 2019 $	30 June 2019 $
Lease Liabilities			
CURRENT			
Lease liability		925,612	-
		925,612	-
NON CURRENT			
Lease liability		3,145,707	-
		3,145,707	-
		4,071,319	-

Notes to the Half –Year Financial Statements

31 December 2019

7. FINANCIAL LIABILITIES

	Note	31 December 2019 $	30 June 2019 $
CURRENT			
Secured liabilities:			
Hire purchase liability		**332,634**	428,877
Convertible Notes		**25,000**	25,000
Invoice Finance Facility		**1,160,178**	1,895,032
Trade finance facility	(c)	**496,591**	-
Asset finance facility	(b)	**125,000**	-
		2,139,403	2,348,909
Unsecured liabilities			
Directors and executive loans		**-**	89,561
Other loan		**500,000**	-
		500,000	89,561
		2,639,403	2,438,470
NON CURRENT			
Secured liabilities			
Hire purchase liability		**88,402**	129,662
Asset Finance facility	(b)	**375,000**	-
		463,402	129,662

(a) During the half-year ended 31 December 2019 the group repaid $1,657,656 of both long and short term interest bearing debt.

(b) During the period the company entered into an Asset finance facility of $500,000. This facility has a four year term. Interest is paid or accrued at the rate of 9.0% per annum.

(c) During the period the company entered into a Trade finance facility with an initial limit of $500,000. As at 31 December 2019 this is drawn down to $496,591. Interest is paid or accrued at the rate of 14.12% per annum

Notes to the Half –Year Financial Statements

31 December 2019

8. CONTRIBUTED EQUITY

	31 December 2019 $	30 June 2019 $
Ordinary shares		
(i) Ordinary shares	**25,341,229**	25,279,229

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	No. of shares	$
Movement in ordinary shares on issue		
At 1 July 2019	85,486,742	**25,279,229**
16/08/19 issued at $0.24	131,250	**31,500**
16/12/19 issued at $0.27	112,963	**30,500**
At 31 December 2019	85,730,955	**25,341,229**

9. CONTINGENT LIABILITIES

Contingent liabilities of the group are materially as disclosed in the 30 June 2019 Annual Financial Report.

10. RELATED PARTIES

Loans by Directors and Key Management

During the half year to 31 December 2019 no loans were made, guaranteed or secured by any entity in the consolidated entity to any group of key management personnel.

A loan from Director Alfred J Chown totalling $89,561 as at 30 June 2019 was repaid during the period.

Refer also Subsequent Events Note 11.

11. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial period a director, Matthew Driscoll, has made a loan to the company of $500,000. This loan is unsecured and interest is paid or accrued at the rate of 15%.

Other than the above, there has not arisen since the end of the financial period any matter or circumstance which, in the opinion of the directors of the Company, will significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Notes to the Half –Year Financial Statements
31 December 2019

Directors' Declaration

The directors of the company declare that:

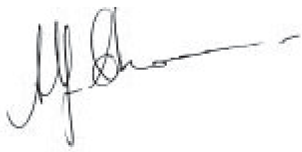
1. The financial statements and notes, as set out on pages 7 to 19 are in accordance with the Corporations Act 2001, including:

    a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and

    b) giving a true and fair view of the economic entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.

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

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



Alfred J. Chown
Director
27 February 2020

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Independent Auditor's Review Report

To the Members of Energy Technologies Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying financial report of Energy Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 half-year then ended on the date, a description of accounting policies, other selected explanatory notes, and the Directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Energy Technologies Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report, which indicates that the Group incurred a net loss of $2,748,760 and incurred negative cash flows from operations of $731,655 during the half year ended 31 December 2019 and, as of that date, the Group had cash and cash equivalents of $17,376 and the Group's current liabilities exceeded its current assets by $2,953,099. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year 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 Australian Accounting Standards and the *Corporations Act 2001* 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Energy Technologies Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 other 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 27 February 2020