

## Appendix 4D

### Half Year Report to the Australian Securities Exchange

1. Details of the reporting period and the previous corresponding period

Name of Entity :	1414 DEGREES LIMITED
ABN :	57 138 803 620
Half Year Ended :	31 Dec 2019
Previous Corresponding Reporting Period:	31 Dec 2018

2. Results for announcement to the market

Key Information	31 Dec 2019	31 Dec 2018	Change	Change
	AUD\$	AUD\$	%	AUD\$
2.1 Revenue from continuing operations	94,919	65,601	45%	29,318
2.2 Profit/(Loss) from ordinary activities after tax attributable to members	(1,516,286)	(2,578,631)	(41%)	1,062,345
2.3 Net Profit/ (Loss) for the period attributable to members	(1,516,286)	(2,578,631)	(41%)	1,062,345

2.4 Dividends	Amount per security		Franked amount per security
Interim Dividend		Nil	Nil
Final Dividend		Nil	Nil

2.5 Record date for determining entitlements to the dividends (if any):

Not Applicable

2.6 Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Please refer to the Review of Operations contained in the Directors' Report which forms part of the attached Interim Financial Report for details.

3. Net tangible assets per ordinary share

Security	31 Dec 2019	31 Dec 2018
	AUD (Cents)	AUD (Cents)
Ordinary shares	6.70	9.44

4. Control gained or lost over entities during the period, and those having material effect

Control was gained over SiliconAurora Pty Ltd on 13 December 2019.

5. Details Relating to Dividends

Information	31 Dec 2019	31 Dec 2018
Date the dividend is payable :	n/a	n/a
Record date to determine entitlement to the dividend :	n/a	n/a
Amount per security (AUD Cents) :	n/a	n/a
Total dividend (AUD\$) :	n/a	n/a
Amount per security of foreign sourced dividend or distribution :	n/a	n/a

6. Dividend or distribution reinvestment plan details

Information	31 Dec 2019	31 Dec 2018
Details of any dividend reinvestment plans in operation :	n/a	n/a
The last date for receipt of an election notice for participation in any dividend reinvestment plans :	n/a	n/a

7. Details of Associates and Joint Venture Entities

The relevant interest in SiliconAurora Pty Ltd was 100% at 31 December 2019.

8. Foreign entities

Not applicable.

9. Audit dispute or qualification

The interim financial statements for the period ended 31 December 2019 have no audit dispute or qualification.

10. Attachments Forming Part of Appendix 4D

Attachment Number	Details
1	Interim Financial Reports

Signed By Company Secretary



Richard Willson

Date: 28 February 2020

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**1414 DEGREES LIMITED**

ACN 138 803 620

INTERIM FINANCIAL REPORTS

FOR THE HALF-YEAR ENDED  
31 DECEMBER 2019



1414 DEGREES LIMITED  
ACN 138 803 620

INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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**DIRECTORS' REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

The directors of 1414 Degrees Limited present their report on the group for the half year ended 31 December 2019.

**DIRECTORS**

The following persons were directors of 1414 Degrees Limited during the whole of the half year and up to the date of this report, unless otherwise stated:

Kevin Charles Moriarty - Chairman  
Robert John Keith Shepherd (Resigned 7 November 2019)  
Dana Larson  
Ian Little (Appointed 27 September 2019)  
Penelope Bettison (Appointed 27 September 2019)

**COMPANY SECRETARY**

Richard Willson

**REVIEW OF OPERATIONS**

A summary of results is set out below:

The group's operating loss for the half year ended 31 December 2019 was \$1,516,286 (6 months to December 2018: loss \$2,578,631).

The half-year saw the maturing of the Group's strategy of obtaining commercial pilot sites for its devices:

**GAS-TESS**

SA Water provided us with the opportunity to trial our prototype GAS-TESS unit at its Glenelg Wastewater Treatment Plant (WWTP), allowing us to determine the operating specifications, and perhaps even more importantly, providing the basis to design and demonstrate a commercial product that can be sold with confidence into the global wastewater utility market. We are working closely in partnership with SA Water to deliver a commercial business plan that will drive sales of the product.

**TESS-GRID**

To fulfil our objective of grid scale energy storage, we acquired the Aurora Solar Energy Project near Port Augusta and two other solar projects in NSW through the purchase for \$2.0M of Solar Reserve's Australian subsidiary, now renamed SiliconAurora Pty Ltd. The group is planning a lower risk alternative development for the project starting with the 70MW of Solar PV that has development approval, then proposes a staged development of up to 400MW of solar PV charging several GWh of TESS-GRID modules distributed on the transmission grid.

**TESS-STEAM**

In December, we delivered the technical feasibility study for a TESS-STEAM pilot at the Stone & Wood brewery in northern New South Wales (originally intended for Pepe's Ducks).

**Future Outlook**

On 24 February 2020, the group announced that it was offering shareholders the opportunity to participate in a Share Purchase Plan targeted to raise approximately \$3.0M.

We are working hard to realise value for shareholders and we look forward to reporting further progress.

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

Kevin Moriarty  
Chairman

Adelaide, this 28<sup>th</sup> day of February 2020

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Half year	
		31-Dec-19 AUD\$	31-Dec-18 AUD\$
Revenue		94,919	65,601
Research and Development Expenses		2,811	-
Administration and Professional Expenses		357,383	759,333
Occupancy Expenses		-	164,028
Marketing Expenses		39,926	90,476
Depreciation and Amortisation		137,226	14,519
Employee Benefits Expense		773,502	732,814
Share Based Payments (Equity-settled)		100,227	-
Directors Fees		44,435	10,000
Finance Costs		13,560	74,507
IPO Expense		-	526,662
Other Expenses		142,135	271,893
<b>Profit / (Loss) before income tax</b>		<b>(1,516,286)</b>	<b>(2,578,631)</b>
Income tax benefit / (expense)		-	-
<b>Profit / (Loss) for the half year</b>		<b>(1,516,286)</b>	<b>(2,578,631)</b>
<b>Other comprehensive income for the half year</b>		-	-
<b>Total comprehensive income for the half year</b>		<b>(1,516,286)</b>	<b>(2,578,631)</b>
<b>Basic earnings per share</b>		(0.88) cents	(1.62) cents
<b>Diluted earnings per share</b>		(0.88) cents	(1.62) cents

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

STATEMENT OF FINANCIAL POSITION  
 AS AT 31 DECEMBER 2019

	Note	31-Dec-19 AUD\$	30-Jun-19 AUD\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	3,881,282	9,721,192
Trade and other receivables		4,428,382	2,448,344
Other current assets		189,011	216,215
<b>Total current assets</b>		<b>8,498,675</b>	<b>12,385,751</b>
<b>Non-current assets</b>			
Property, plant and equipment		208,471	135,487
Intangible assets	4	7,244,671	5,109,045
Right-of-use assets	5	2,840,748	-
<b>Total non-current assets</b>		<b>10,293,890</b>	<b>5,244,532</b>
<b>Total assets</b>		<b>18,792,565</b>	<b>17,630,283</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		366,754	485,316
Provision for employee benefits		115,988	126,031
Lease liabilities		237,417	-
<b>Total current liabilities</b>		<b>720,159</b>	<b>611,347</b>
<b>Non-current liabilities</b>			
Provision for employee benefits		11,532	93,005
Lease liabilities	6	2,585,720	-
<b>Total non-current liabilities</b>		<b>2,597,252</b>	<b>93,005</b>
<b>Total liabilities</b>		<b>3,317,411</b>	<b>704,352</b>
<b>Net assets</b>		<b>15,475,154</b>	<b>16,925,931</b>
<b>EQUITY</b>			
Contributed equity	7	29,110,594	29,097,294
Share Based Payments Reserve		210,038	123,111
Accumulated losses		(13,845,478)	(12,294,474)
<b>Total equity</b>		<b>15,475,154</b>	<b>16,925,931</b>

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

STATEMENT OF CASH FLOWS  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Half year	
		31-Dec-19 AUD\$	31-Dec-18 AUD\$
<b>Cash flows from operating activities</b>			
Cash received from customers (incl GST)		24,023	8,250
Cash paid to suppliers and employees		(1,890,120)	(2,865,355)
Government grants		12,455	12,455
Interest received		136,076	20,466
Interest paid		(9,499)	(35,507)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(1,727,065)</b>	<b>(2,859,691)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(791)	(14,130)
Purchase of subsidiary		(2,000,000)	-
Payments for product development activities		(2,282,897)	(2,061,771)
Government grant received and used for product development		156,000	310,723
Inflow from gaining control over entity (Note 8)		1,000	-
Research and development tax offset received and used for intangible asset		-	2,568,476
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(4,126,688)</b>	<b>803,298</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	1,296,493
Repayment of borrowings		-	(1,335,493)
Transaction costs related to issues of shares, convertible notes or options		-	(322,305)
Proceeds from exercise of share options		-	21,332
Proceeds from the issue of shares		-	16,306,690
<b>Net cash inflow/(outflow) from financing activities</b>		<b>-</b>	<b>15,966,717</b>
Net increase/(decrease) in cash and cash equivalents		(5,853,753)	13,910,324
Net foreign exchange differences		13,843	-
Cash and cash equivalents at beginning of period		9,721,192	928,243
<b>Cash and cash equivalents at end of period</b>	<b>3</b>	<b>3,881,282</b>	<b>14,838,567</b>

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

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STATEMENT OF CHANGES IN EQUITY  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Contributed equity \$	Reserves \$	Accumulated Losses \$	Total equity \$
<b>Balance at 1 July 2018</b>	<u>12,954,139</u>	<u>19,772</u>	<u>(8,023,659)</u>	<u>4,950,252</u>
Loss for the half year	-	-	(2,578,631)	(2,578,631)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the half year</b>	<u>-</u>	<u>-</u>	<u>(2,578,631)</u>	<u>(2,578,631)</u>
<b>Transactions with owners in their capacity as owners</b>				
Share Based Payments	-	-	-	-
Share Based Payment Cancellation	-	-	-	-
Share Based Payment Issue	-	-	-	-
Employee Share Scheme - Performance Rights Valuation	-	-	-	-
Contributions of equity net of transaction costs	16,132,830	-	-	16,132,830
	<u>16,132,830</u>	<u>-</u>	<u>-</u>	<u>16,132,830</u>
<b>Balance at 31 December 2018</b>	<u>29,086,969</u>	<u>19,772</u>	<u>(10,602,290)</u>	<u>18,504,451</u>
<b>Balance at 1 July 2019</b>	<u>29,097,294</u>	<u>123,111</u>	<u>(12,294,474)</u>	<u>16,925,931</u>
Adjustment for change in accounting policy (note 1)	-	-	(34,718)	(34,718)
<b>Balance at 1 July 2019 - Restated</b>	<u>29,097,294</u>	<u>123,111</u>	<u>(12,329,192)</u>	<u>16,891,213</u>
Loss for the half year	-	-	(1,516,286)	(1,516,286)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the half year</b>	<u>-</u>	<u>-</u>	<u>(1,516,286)</u>	<u>(1,516,286)</u>
<b>Transactions with owners in their capacity as owners</b>				
Share Based Payments	-	-	-	-
Share Based Payment Cancellation	-	-	-	-
Share Based Payment Issue	-	-	-	-
Employee Share Scheme - Performance Rights Valuation	-	100,227	-	100,227
Employee Share Scheme - Conversion of Performance Rights	13,300	(13,300)	-	-
Contributions of equity net of transaction costs	-	-	-	-
	<u>13,300</u>	<u>86,927</u>	<u>-</u>	<u>100,227</u>
<b>Balance at 31 December 2019</b>	<u>29,110,594</u>	<u>210,038</u>	<u>(13,845,478)</u>	<u>15,475,154</u>

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

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These interim financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting. The group is a for-profit company for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. Amounts have been rounded to whole dollars.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(b) 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 as described below. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements are the relevant policies for the purpose of comparatives.

Other than those described below, the Group has considered the implications of any other new or amended Accounting Standards, but determined that their application in the financial statements is either not relevant or not material.

AASB 16 Leases

The Group 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.

*Impact of Adoption*

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

	1-Jul-19 AUD\$
Operating lease commitments as at 1 January 2019 (AASB 16)	974,688
Accumulated Depreciation as at 1 July 2019	(686,677)
Right-of-use assets	288,011
Lease liabilities - current	(322,729)
Reduction in opening retained earnings as at 1 July 2019	<u>(34,718)</u>

*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 Group 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 remeasurement of lease liabilities.

The consolidated entity has elected 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 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 Group'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.

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**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(b) Accounting Policies (continued)**

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.

**NOTE 2 ACCOUNTING ESTIMATES AND JUDGEMENTS**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

**Key Estimates - Impairment**

The group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for intangible assets with an indefinite useful life and those with a finite useful life but not yet considered ready for use, relevant inputs have been factored into valuation models for the next 5 years on the basis of management's expectations regarding the growth of the market and the group's ability to capture market share. Pre-tax discount rates of 10% have been used in all models.

No impairment has been recognised in respect of intangible assets at the end of the reporting period.

**Key Judgements - Product Development**

Included within intangible assets at the end of the reporting period is Product Development with a net carrying value of \$5,365,314 (30 June 2019: \$5,109,045) being the carrying value of the Product Development intangible asset of \$15,410,020 (30 June 2019: \$13,017,713) less the associated Government Grant funding of \$2,488,000 (30 June 2019: \$2,332,000) and the R&D refundable tax offsets applied of \$7,556,706 (30 June 2019: \$5,576,668). The directors believe that while the development and commercialisation of the technology remains in-progress and the asset is not yet generating economic benefits (beyond customer trials), it is not considered ready for use. A reliable estimate for the useful life of the asset will only be capable of being determined once the asset is assessed as ready for use, after which point, amortisation will commence.

	31-Dec-19 AUD\$	30-Jun-19 AUD\$
<b>NOTE 3 CASH AND CASH EQUIVALENTS</b>		
Cash at bank	2,799,011	1,588,487
Cash term deposits	1,082,271	8,132,705
	3,881,282	9,721,192

An amount of \$218,361 included as cash has been set aside to support a bank guarantee issued to the landlord of the rented premises.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31-Dec-19 AUD\$	30-Jun-19 AUD\$
<b>NOTE 4 INTANGIBLE ASSETS</b>		
<i>Product Development - Intellectual Property</i>		
<i>Intangible assets under development - at cost</i>	15,410,020	13,017,713
<i>Government Grants applied</i>	(2,488,000)	(2,332,000)
<i>R&amp;D Refundable Tax Offset applied</i>	(7,556,706)	(5,576,668)
<i>Goodwill on business acquisition (Note 8)</i>	1,879,357	-
	<u>7,244,671</u>	<u>5,109,045</u>
<i>Reconciliation of Product Development - Intellectual Property</i>		
<i>Balance at the beginning of the half year</i>	5,109,045	2,174,579
<i>Additions</i>	2,392,307	6,068,625
<i>Government Grants applied</i>	(156,000)	(430,930)
<i>R&amp;D Refundable Tax Offset applied</i>	(1,980,038)	(2,703,229)
<i>Closing carrying value</i>	5,365,314	5,109,045
<i>Goodwill acquired during the period (Note 8)</i>	1,879,357	-
	<u>7,244,671</u>	<u>5,109,045</u>
<b>Total Intangible Assets</b>	<u>7,244,671</u>	<u>5,109,045</u>

Intellectual property consists of TESS (thermal energy storage system) development of bulk energy storage solutions. No amortisation has been recognised as the intellectual property is not available for use as at 31 December 2019. No impairment has been recognised pending a review of impairment indicators and cashflow forecasts at 30 June 2020.

The government grant relates to accelerating the commercialisation of the group's intellectual property.

Goodwill on business acquisition relates to the purchase of SolarReserve II Pty Ltd (Renamed to SiliconAurora Pty Ltd), completed on 12 December 2019.

**NOTE 5 NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS**

Land and buildings - right-of-use	3,847,152	-
Less: Accumulated depreciation	(1,006,404)	-
	<u>2,840,748</u>	<u>-</u>

Additions to the right-of-use assets during the half-year were \$2,728,842.

**NOTE 6 NON-CURRENT LIABILITIES - LEASE LIABILITIES**

Lease liabilities	2,585,720	-
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**NOTE 7 CONTRIBUTED EQUITY**

	31-Dec-19 No. of Shares	31-Dec-19 AUD\$
<b>Share capital</b>		
Ordinary shares - authorised, issued and fully paid opening balance	172,389,923	29,097,294
Shares issued	-	-
Employee Share Scheme - Conversion of Performance Rights	70,000	13,300
Exercise of share options	-	-
Costs of issue	-	-
Ordinary shares - authorised, issued and fully paid closing balance	<u>172,459,923</u>	<u>29,110,594</u>

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the group in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

Ordinary shares have no par value.

**Capital Management**

Management controls the capital of the group in order to ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. There have been no changes in the strategy adopted by management to control the capital of the group since the prior year and the objectives for managing capital have been met.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

**NOTE 8 BUSINESS COMBINATION**

On 13 December 2019 1414 Degrees Ltd acquired 100% of the issued shares in SolarReserve II Pty Ltd (Renamed to SiliconAurora Pty Ltd). SiliconAurora owns the advanced Aurora Solar Energy Project ("Aurora Project") near Port Augusta in South Australia and two early stage sites in New South Wales. The group proposes to use the site to pilot its world leading TESS-GRID technology.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	AUD\$
Cash paid	2,000,000
Total purchase consideration	<u>2,000,000</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value AUD\$
Cash	1,000
Property, plant and equipment	86,521
Right-of-use assets	2,728,842
Lease liabilities - Current	(110,000)
Lease liabilities - Non-Current	<u>(2,585,720)</u>
Net identifiable assets acquired	<u>120,643</u>
Add: Goodwill (Note 4)	<u>1,879,357</u>
	<u>2,000,000</u>

The goodwill is attributable to SiliconAurora's access to land resources and ability to negotiate with relevant parties in order to pilot the Group's TESS-GRID technology. Documentation and contracts were obtained as part of the purchase, however these do not qualify for separate recognition.

**NOTE 9 CONTINGENCIES**

**Contingent Liabilities**

At 31 December 2019 those charged with governance of the group note that there are no known contingent liabilities (2018: nil).

**NOTE 10 SUBSEQUENT EVENTS**

On 24 February 2020, the group announced that it was offering shareholders the opportunity to participate in a Share Purchase Plan targeted to raise approximately \$3.0M.

**NOTE 11 RELATED PARTY**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

- i. - Merchant Accounting, a company related to Robert Shepherd (Resigned 7 November 2019), charged accounting fees of \$6,050 during the year and the balance relating to these charges was outstanding at 31 December 2019.

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ACN 138 803 620

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**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of 1414 Degrees Limited, the directors of the company declare that:

- 1 The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with The Corporations Act 2001, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. give a true and fair view of the company's financial position as at 31 December 2019 and 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 and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read 'Kevin Moriarty'.

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Kevin Moriarty  
Chairman

Adelaide

Dated this 28th day of February 2020

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF 1414 DEGREES LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of 1414 Degrees 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of 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 Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial 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*.

#### Directors' responsibility 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 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.

#### 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 financial 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 the Group, 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.

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### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

A handwritten signature in blue ink that reads 'BDO'.

**BDO Audit (SA) Pty Ltd**

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold  
Director

Adelaide, 28 February 2020

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**DECLARATION OF INDEPENDENCE  
BY PAUL GOSNOLD  
TO THE DIRECTORS OF 1414 DEGREES LIMITED**

As lead auditor for the review of 1414 Degrees Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of 1414 Degrees Limited and the entities it controlled during the period.



Paul Gosnold  
Director

**BDO Audit (SA) Pty Ltd**

Adelaide, 28 February 2020

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