

# Appendix 4D

## Interim Report

### BLUGLASS LIMITED

ACN

116825793

Six Months Ended

31 DECEMBER 2020

*Corresponding period was the six months ended 31 December 2019*

#### Results for announcement to the market

<b>RESULTS</b>					
		\$A	%	to	\$A
Revenues from ordinary activities	Up	451,671	26		2,219,988
Loss from ordinary activities after tax attributable to members	Up	(521,522)	16		(3,685,103)
Loss for the period attributable to members	Up	(521,522)	16		(3,685,103)

#### EPS

<b>Earnings per Security (cents per share)</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Basic loss per share (cents per share)	(0.51) cents	(0.76) cents
Diluted loss per share (cents per share)	(0.51) cents	(0.76) cents

#### Net Tangible Asset Backing

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Per Ordinary Security (cents per share)	1.05 cents	1.05 cents

#### Dividend Payable

No dividends have been paid or declared during the period.

#### Dividend Re-investment Plan

There is no dividend re-investment plan in operation.

#### Control gained over entities having material effect

	NIL
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#### Loss of control of entities having material effect

Name of entity (or group of entities)	NIL
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#### Details of associates and joint venture entities

Name of entity (or group of entities)	NIL
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*This report is based on the Half Year Financial Report which has been subject to review by the Auditors. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the Interim Financial Report for the Half Year Ended 31 December 2020 and the 30 June 2020 Annual Financial Report.*

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BLUGLASS

**BLUGLASS LIMITED  
and CONTROLLED  
ENTITIES**

ABN 20 116 825 793

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**FINANCIAL STATEMENTS FOR THE HALF YEAR ENDING  
31 DECEMBER 2020**

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# DIRECTORS' REPORT

Your directors present their report on BluGlass Limited and its controlled entities ("the Group") for the half year ended 31 December 2020.

## DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Mr Giles Bourne  
Mr Vivek Rao  
Mr James Walker (Chair)  
Mr Stephe Wilks

Directors have been in office since the start of the financial year to the date of this report.

## PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial period was to further the research and product development of compound-semiconductor materials, processes, and equipment to manufacture high value electronics such as laser diodes, LEDs and microLEDs. The Group is working on achieving its technology and commercial milestones using its patented low temperature Remote Plasma Chemical Vapour Deposition (RPCVD) technology. RPCVD has many potential advantages over the current industry technologies.

The Company has multiple paths to market: its direct-to-market laser diode business unit designs, manufactures, tests and will ship laser diode products direct to the customer. These devices target high value applications such as industrial welding, biotech and displays with the objective of capturing significant value in the near-term.

BluGlass also remains focused on commercialising its non-laser diode technology through IP development, licensing and capital equipment sales with global collaboration partners. This effort continues to advance with our strategic partners to seek to realise these large mid to long-term revenue opportunities.

## FINANCIAL SUMMARY

Revenue and other income increased by \$451,671 (up 25.5%) to \$2,219,988 with key elements including:

- R&D tax rebate revenue up 13.4% to \$1,435,493 (2019: \$1,266,069)
- Receipt of job keeper and other government grants of \$560,398 (2019: Nil)
- Ongoing COVID-19 impacts on our European and US customers resulted in foundry revenue decreasing by 117.1% to \$219,585 (2019: \$476,659)

Total expenditure for the period has increased by \$973,193 up 19.7% to \$5,905,091, with key elements including:

- Consumables expenses up 63.6% to \$1,725,694 (2019: \$1,055,104)
- Depreciation expense up 102.7% to \$1,078,650 (2019: \$532,197)

The consolidated loss for the period amounted to \$3,685,103 up 16.5% (2019: \$3,163,581).

The company's net assets as at 31 December 2020 was \$9,155,604 (30 June 2020: \$12,393,478).

The Consolidated Statement of Financial Position does not include a value for the increasing number of patents granted during the period since listing on the ASX in 2006 as all research and development costs are expensed as incurred and not capitalised.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs that affect the Group's operations, or the results of those operations during the financial period.

## DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared in the period.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after the directors' report.

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## DIRECTORS REPORT

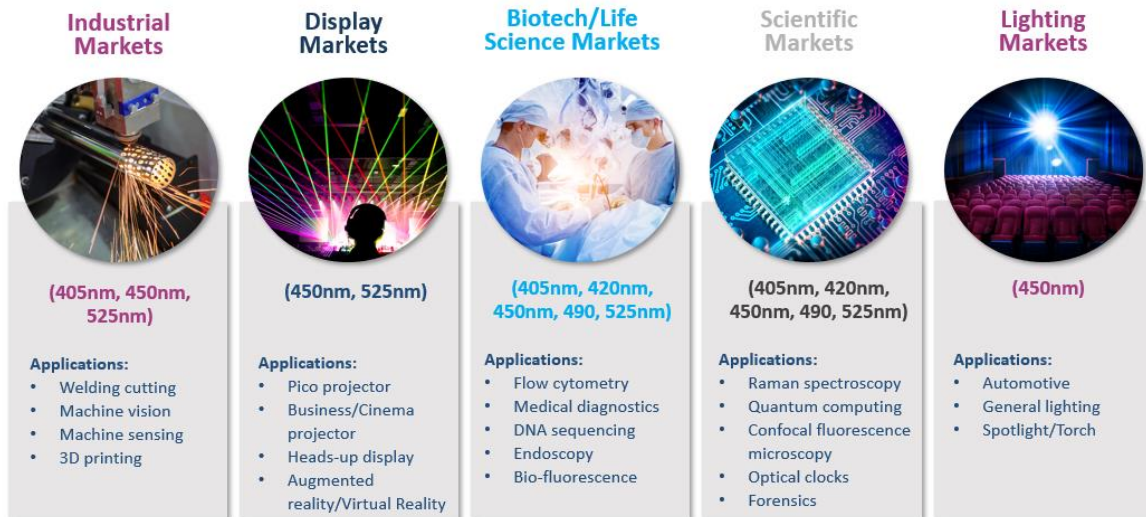
### REVIEW OF OPERATIONS

During the half year, BluGlass continued to progress its technology and product roadmap to deliver its first commercial laser diode product in early CY2021.

In collaboration with potential customers, BluGlass is developing products across multiple market segments, including industrial, display and biotech applications with a target of achieving 6-10% share of this US\$658M addressable market by 2025.

The range of products that we are developing include standard MOCVD laser diodes and differentiated RPCVD laser diodes across a broad spectrum of wavelengths in both single and multi-modes. Our first standard laser diodes will be our 405nm product, followed by wavelengths including 420, 450nm through to 525nm. Each of these will have a range of applications from cutting and welding, machine vision and sensing to medical devices, DNA sequencing, display technologies and many others:

#### BluGlass product development portfolio:



#### Key achievements since 30 June 2020:

- The 405nm unpackaged laser diode product achieved desired initial performance specifications
- BluGlass won a US government funded sub-contract with Yale University to supply advanced laser diode development to the US Defense Advanced Research Projects Agency (DARPA)
- The largest RPCVD manufacturing platform to date, the BLG-500, completed performance testing and started to contribute to commercial roadmaps. The system demonstrated material with good thickness uniformity across a 6-inch wafer equivalent area. The large-scale platform was successfully retrofitted onto a modern generation manufacturing platform, the AIXTRON 2800 G4, completed in collaboration with global semiconductor leader, AIXTRON SE
- BluGlass won a \$250,000 advanced manufacturing federal government grant to manufacture smarter, more efficient plasma deposition sources in collaboration with The Australian National University, AKELA Laser and Objective 3D

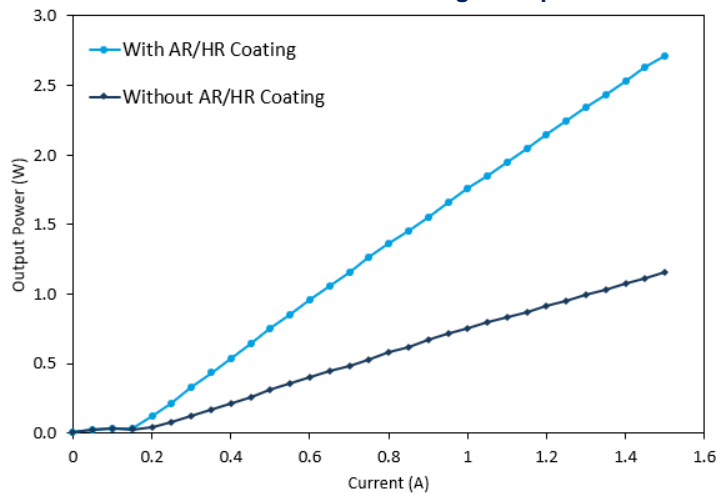
**The Half Year in Review**

**Laser Diode Product Development**

During the half year, development activity in both MOCVD laser diode designs and RPCVD tunnel junction laser diode designs continued to progress in-line with the Company’s published roadmap.

Subsequently, in January 2021, BluGlass announced further advancement of its first laser diode product with the successful completion of the optical coating step of several 405nm laser devices. The Company’s 405nm laser design has demonstrated strong initial performance results in-line with our target specifications.

**405nm Light Output with/without AR-HR Coating**



Unpackaged device  
 10µm x 1200 µm ridge  
 Pulsed Measurement using 5% Duty cycle and 500ns pulse width

LIV Data at 0.5 A operating current		
Parameter	Uncoated	AR/HR Coated
Light Output Power (W)	0.31	0.75
Voltage (V)	4.4	4.5
Conversion Efficiency (%)	14.1	33.6

LIV Data at 1.0 A operating current		
Parameter	Uncoated	AR/HR Coated
Light Output Power (W)	0.76	1.76
Voltage (V)	5.9	6.0
Conversion Efficiency (%)	12.9	29.3

These devices are now in the process of being packaged at BluGlass’ facility in the US, before further burn-in, reliability testing and performance measurements can be completed. Once packaged, these devices will be further tested according to industry standards and generate the final commercial specification of the BluGlass 405nm product design.

Additional laser diode designs of other wavelengths and product specifications are also progressing through the Company’s development pipeline and supply chain.

Following the attainment of this recent performance data, BluGlass released a laser diode data pack under Non-Disclosure Agreement to several customers who have expressed an interest in our products. The Company remains on track to meet its technical and commercial milestones and launch its 405nm laser diode product in early 2021.

This achievement followed the Company’s October 2020 announcement that three of the Company’s standard laser designs; the 405nm, 420nm and 450nm were demonstrating good lasing behaviour, following multiple process steps in fabrication into test devices. These results were verified through multiple fabrication vendors, as we simultaneously qualify our laser diode designs and our manufacturing supply chain.

The process to manufacture a laser diode involves many complex steps, supplied by various specialist vendors. These devices are being simulated, modelled, designed, and then grown on wafers at BluGlass’ Silverwater facility before they are shipped to the US for multiple wafer processing steps. These include cleaving (being cut into individual laser diode chips), optical coating (insertion of coated mirrors to enhance the directional emission/lasing), packaging, burn-in and performance reliability testing:



### BluGlass' Laser Diode Manufacturing Process



### BluGlass collaborates with Yale University to contribute laser diode development for DARPA LUMOS program



In October 2020, BluGlass won a US government-funded subaward contract from Yale University to assist the US Defense Advanced Research Projects Agency (DARPA) to develop novel laser diode technology.

BluGlass and Yale University are conducting paid development under DARPA's Lasers for Universal Microscale Optical Systems (LUMOS) initiative to



combine efficient integrated optical systems and complete photonics functionality onto a single substrate.

BluGlass and Yale University are collaborating to combine these two technologies for the first time, to enable high performance lasers and amplifiers with photonic integrated circuits in a single, highly functional device for applications such as compact optical phased array LiDAR and neuromorphic optical computing.

The project is generating Laser Diode customer revenues for the Company and allows BluGlass to showcase our capabilities in GaN Laser epitaxial growth technology that could lead to further commercial opportunities.

### Commercial Scaling of RPCVD - The BLG-500 is now contributing to commercial roadmaps



In October 2020, BluGlass' commercial-scale manufacturing platform, the BLG-500, completed its performance testing and commenced contributing to the Company's laser diode and LED development programs.

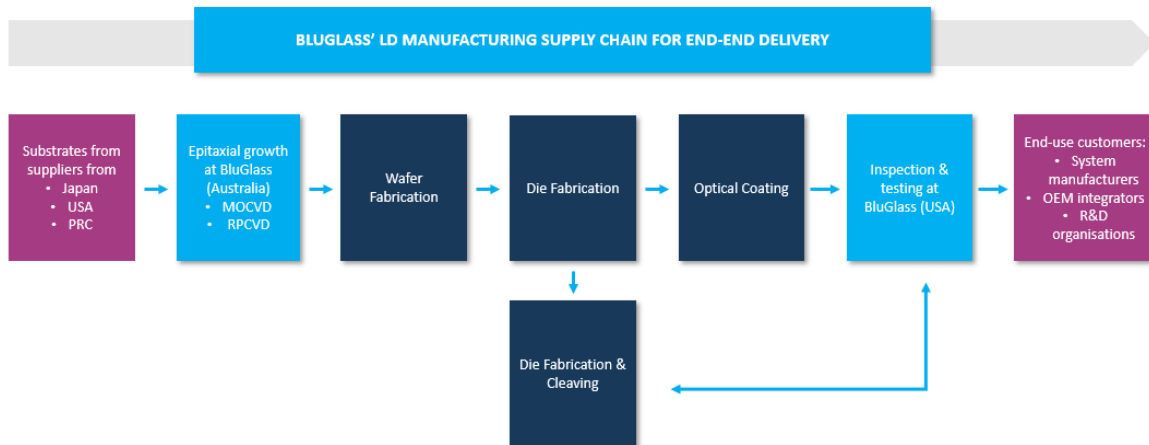
The BLG-500 is the largest RPCVD system manufactured to date. The commercial scale system has been successfully retrofitted onto a modern manufacturing platform, completed in collaboration with global semiconductor leader, AIXTRON SE. This milestone formed a major part of the Company's commercial scaling activities and has significantly increased BluGlass' foundry customer output capacity at its Silverwater advanced manufacturing facility.

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The new platform is contributing to BluGlass' key tunnel junction projects, including the Company's laser diode and cascade LED commercialisation roadmaps. Importantly the platform is showing strong potential for the future with the planetary design working as intended to address RPCVD uniformity requirements for the commercial manufacture of large-scale wafers. The BLG-500 is growing GaN films with very good thickness uniformity across 6-inch wafer equivalent area.

### Manufacturing Preparedness and Supply Chain Qualification



BluGlass has made significant efforts to develop a reliable and robust supply chain. The Company is in the process of finalising the qualification of multiple providers in each segment of the supply chain to help mitigate future supply chain impacts and ensure the business is working with the best suppliers to meet our manufacturing goals.

Processing timelines from design and epitaxial growth through to initial testing have now been significantly expedited with the provision of multiple suppliers. BluGlass' 2-inch manufacturing supply chain qualification is expected to complete in April.

Our US test facility was fully operational for the duration of the period and to support these activities we added new laser diode testing engineer staff members to our US team.

### BluGlass wins \$250,000 AMCG grant to manufacture smarter, more efficient plasma deposition sources

In July 2020, BluGlass was awarded a \$250,000 matched-funding innovation grant with the Advanced Manufacturing Growth Centre (AMCG) to manufacture smarter, more efficient plasma deposition sources for the Company's 300 series RPCVD manufacturing platforms.

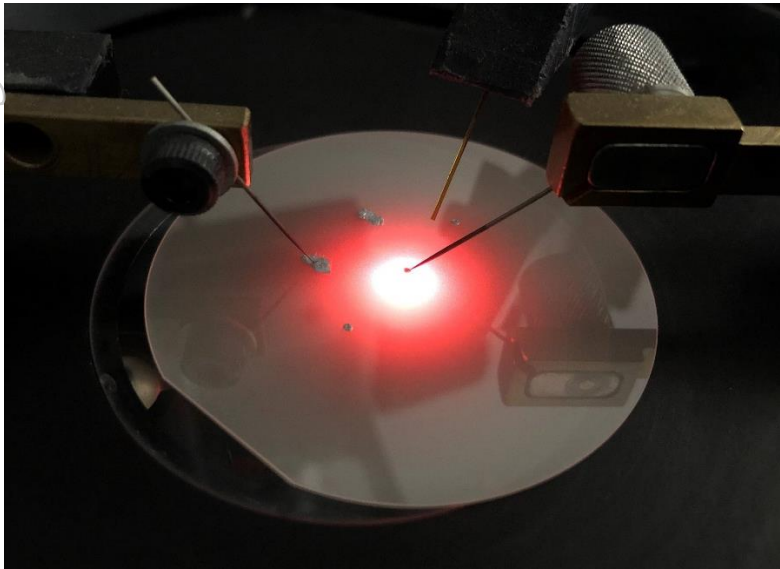
The project is designing and building a high-density, large-scale plasma source to support scalability on virtually any MOCVD platform in the industry. The unique design will be capable of hybrid (both metal organic chemical vapour deposition (MOCVD) and RPCVD growth) in a single deposition chamber, enabling the advantages of each growth technique for the first time in a single platform.

For the program, BluGlass is collaborating with several industry partners and organisations including AKELA Laser on laser diodes device packaging and testing and Objective 3D on metal 3D design, testing and rapid prototyping of critical plasma source components for the successful delivery of the project.

The Company has completed the first half of the project with the new initial plasma prototype design now under construction to be installed for testing and evaluation in the coming months. As part of the upcoming testing, BluGlass' existing RPCVD capabilities will be compared with the new plasma source.

### Cascade LED and microLED programs

BluGlass continued to work with our customers and partners to advance both our cascade LED and microLED applications, including for red-green-blue (RGB) applications.



This customer development was significantly impacted in the first part of the half year due to ongoing COVID impacts in the US and Europe delaying foundry orders.

Recently, BluGlass has had several of our repeat customers placing return orders, in particular, for microLED development. Several of these orders include both MOCVD and RPCVD foundry services.

In conjunction with customers, BluGlass continues to progress its long wavelength LED development with the further demonstration of red GaN LEDs.

***Pictured: RPCVD development on red LEDs for RGB applications.***

### IP Update

Our intellectual property (IP) portfolio continues to form a critical foundation to our future commercialisation success for both our product strategy and traditional IP licensing and equipment business models.

Our IP portfolio consists of 75 internationally granted patents with 16 applications across 8 patent families in key semiconductor markets, including the US, Europe, Japan and China.

### The Year Ahead

The Company remains focused on delivering on our direct-to-market laser diode business goals and objectives and we remain on track to launch our first commercial laser diode product, the 405nm device, in early CY2021.

Our technology development has made significant progress during the first half and our collaborative laser diode customers continue to demonstrate their interest in our various products, as they wait for us to deliver bespoke product solutions to meet their specific industry needs.

The BluGlass Board and Management look forward to keeping the market up to date on the progress and development by the Company in the half year ahead.





**Director James Walker**



**Director Giles Bourne**

**Dated 22 February 2021**

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## Auditor's Independence Declaration

To the Directors of BluGlass Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of BluGlass Limited for the half year ended 31 December 2020, 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 review;
- and
- b no contraventions of any applicable code of professional conduct in relation to the review.

*Grant Thornton*

Grant Thornton Audit Pty Ltd  
Chartered Accountants



P J Woodley  
Partner – Audit & Assurance

Sydney, 22 February 2021

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated Entity	
		31 December 2020 \$	31 December 2019 \$
Revenue	3	219,585	476,659
Other income	3	1,995,891	1,266,069
Finance income	3	4,512	25,589
Employee benefits expense		(1,636,262)	(1,581,907)
Professional fees		(75,688)	(82,643)
Board and secretarial fees		(168,539)	(201,667)
Corporate compliance & legal expense		(48,845)	(45,740)
Consultant fees		(185,842)	(285,576)
Finance cost		(41,301)	(44,983)
Rent expense		(45,402)	(37,223)
Travel and accommodation expense		(617)	(108,830)
Consumables		(1,725,694)	(1,055,104)
Depreciation and amortisation expense	8	(1,078,650)	(532,197)
Share based payment expense		(448,074)	(515,337)
Other expenses		(450,176)	(440,691)
<b>Loss before income tax</b>		<b>(3,685,103)</b>	<b>(3,163,581)</b>
Income tax expense		-	-
<b>Loss for the year</b>		<b>(3,685,103)</b>	<b>(3,163,581)</b>
<b>Other comprehensive income</b>			
<b>Total comprehensive income</b>		<b>(3,685,103)</b>	<b>(3,163,581)</b>
<b>Loss attributable to:</b>			
• Members of the parent entity		(3,685,103)	(3,163,581)
• Non-controlling interest		-	-
		<b>(3,685,103)</b>	<b>(3,163,581)</b>
<b>Total Comprehensive Income attributable to:</b>			
• Members of the parent entity		(3,685,103)	(3,163,581)
• Non-controlling interest		-	-
		<b>(3,685,103)</b>	<b>(3,163,581)</b>
<b>Earnings Per Share</b>			
Basic loss per share (cents per share)		(0.51)	(0.76)
Diluted loss per share (cents per share)		(0.51)	(0.76)

The financial statements should be read in conjunction with the following notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Consolidated Entity	
		31 December 2020 \$	30 June 2020 \$
<b>Current Assets</b>			
Cash and cash equivalents		4,290,725	5,430,240
Trade and other receivables		1,688,279	2,919,128
Inventories		122,759	139,554
Other current assets		145,569	58,030
<b>TOTAL CURRENT ASSETS</b>		<b>6,247,332</b>	<b>8,546,952</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	6,878,477	7,882,703
Intangible assets		-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,878,477</b>	<b>7,882,703</b>
<b>TOTAL ASSETS</b>		<b>13,125,809</b>	<b>16,429,655</b>
<b>Current Liabilities</b>			
Trade and other payables		408,632	407,503
Lease liabilities	9	168,411	168,411
Short-term provisions		584,089	578,395
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,161,132</b>	<b>1,154,309</b>
<b>Non-Current Liabilities</b>			
Long-term provisions		1,337,204	1,325,794
Lease liabilities	9	1,471,869	1,556,074
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,809,073</b>	<b>2,881,868</b>
<b>TOTAL LIABILITIES</b>		<b>3,970,205</b>	<b>4,036,177</b>
<b>NET ASSETS</b>		<b>9,155,604</b>	<b>12,393,478</b>
<b>Equity</b>			
Issued capital		73,294,214	73,068,525
Reserves		919,355	884,530
Accumulated losses		(65,057,965)	(61,559,577)
<b>TOTAL EQUITY</b>		<b>9,155,604</b>	<b>12,393,478</b>

The financial statements should be read in conjunction with the following notes.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Issued Capital	Share-Based Payments Reserve	Other Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<b>Consolidated Entity</b>					
<b>Balance at 1 July 2019</b>	67,412,994	778,495	(982,452)	(55,565,464)	11,643,573
Total comprehensive loss for the period	-	-	-	(3,163,581)	(3,163,581)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	<b>(3,163,581)</b>	<b>(3,163,581)</b>
<b>Transactions with owners in their capacity as owners</b>					
Share options issued	-	515,337	-	-	515,337
Exercise of share option	153,600	(148,800)	-	-	4,800
<b>Balance at 31 December 2019</b>	<b>67,566,594</b>	<b>1,145,032</b>	<b>(982,452)</b>	<b>(58,729,045)</b>	<b>9,000,129</b>
<b>Balance at 1 July 2020</b>	<b>73,068,525</b>	<b>1,866,982</b>	<b>(982,452)</b>	<b>(61,559,577)</b>	<b>12,393,478</b>
Loss for the year	-	-	-	(3,685,103)	(3,685,103)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	<b>(3,685,103)</b>	<b>(3,685,103)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the year	241,651	(241,651)	-	-	-
Share transaction costs during the year	(15,962)	-	-	-	(15,962)
Share options issued	-	463,191	-	-	463,191
Exercise of share options	-	-	-	-	-
Options lapsed	-	(186,715)	-	186,715	-
<b>Balance at 31 December 2020</b>	<b>73,294,214</b>	<b>1,901,807</b>	<b>(982,452)</b>	<b>(65,057,965)</b>	<b>9,155,604</b>

The financial statements should be read in conjunction with the following notes.

# CONSOLIDATED STATEMENT OF CASHFLOWS

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated Entity	
		31 December 2020 \$	31 December 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		219,585	476,659
Research and development tax rebate		1,485,650	1,266,069
Interest received		4,512	25,589
Government grants		510,241	-
Payments to suppliers and employees		(3,143,611)	(3,094,801)
<b>Net cash used in operating activities</b>		<b>(923,623)</b>	<b>(1,326,484)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(74,424)	(1,073,428)
<b>Net cash used in investing activities</b>		<b>(74,424)</b>	<b>(1,073,428)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Transaction costs on prior issue of shares		(15,962)	-
Repayment of lease liabilities		(84,205)	(76,868)
Interest paid		(41,301)	(44,983)
Proceeds from options exercised		-	4,800
<b>Net cash used in financing activities</b>		<b>(141,468)</b>	<b>(117,051)</b>
Net decrease in cash held		(1,139,515)	(2,516,963)
Cash at beginning of financial year		5,430,240	6,116,427
<b>Cash at end of financial period</b>		<b>4,290,725</b>	<b>3,599,464</b>

The financial statement should be read in conjunction with the following notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1: NATURE OF OPERATIONS

The principal activity of the Group during the half year was the development of the direct-to-market laser diode business unit. This business unit designs, manufactures, tests and will ship laser diode products direct to the customer. These devices target high value applications such as industrial welding, biotech and displays with the objective of capturing significant value in the near-term.

## NOTE 2: BASIS OF PREPARATION

These general-purpose financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial reporting standard IAS34 half year Financial Reporting. The group is a for profit entity for financial reporting purposes under Australian Accounting standards.

This half year financial report is intended to provide users with an update on the latest annual financial statements of BluGlass 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 the Group for the year ended 30 June 2020, together with any public announcements made during the half-year.

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

### SIGNIFICANT ACCOUNTING POLICIES

The half year financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2020. The financial statements of BluGlass Limited for the half-year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 22 February 2020.

#### *Going Concern*

Notwithstanding the loss for the financial period and the negative cashflows from operations, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that the Group will be able to continue as a going concern, on the following basis:

- The Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. The Group has raised in excess of \$5 million in the previous year's reporting period and the Directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required;
- If required, the Group has the ability to finance the research and development tax rebate to have access to the funding earlier which will improve the liquidity of the Group; and
- The Group has the ability to scale back a significant portion of its development activities if required.

As a result of these factors, there is material uncertainty as to whether the Group will continue as a going concern and, therefore whether it will realise its assets and settle its liabilities and commitments in the normal course of business at the amounts stated in the financial report.

Notwithstanding the above, the Directors are confident they will be successful in one of or a combination of the above factors and on this basis the financial report has been prepared on a going concern basis. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and of the liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the Directors have prepared the financial report on a going concern basis.

**NOTE 3: LOSS FOR THE PERIOD**

	<b>Consolidated Group</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
The following revenue items are relevant in explaining the financial performance for the half year period		
<b>Revenue</b>		
Sales revenue	219,585	476,659
<b>Total Revenue</b>	<b>219,585</b>	<b>476,659</b>
<b>Other Income</b>		
Research and development tax rebate	1,435,493	1,266,069
Government grants- Job keeper, cash flow boost and manufacturing grant	560,398	-
<b>Total Other Income</b>	<b>1,995,891</b>	<b>1,266,069</b>
<b>Finance Income</b>		
Interest received from bank	4,512	25,589
<b>Total Finance Income</b>	<b>4,512</b>	<b>25,589</b>

**NOTE 4: DIVIDENDS**

There were no dividends paid or declared during the period.

**NOTE 5: OPERATING SEGMENTS**

The consolidated group operates and reports in one business and geographic segment.

**NOTE 6: LOSSES PER SHARE**

Both the basic and diluted losses per share have been calculated using the losses attributable to shareholders of the Parent Company (BluGlass Limited) as the numerator, i.e. no adjustments to losses were necessary during the six (6) month period to 31 December 2020 and 2019.

The weighted average number of shares for the purposes of the calculation of diluted losses per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic losses per share as follows:

	<b>6 months to 31 December 2020</b>	<b>6 months to 31 December 2019</b>
Weighted average number of shares used in basic earnings per share	719,708,112	418,640,985
<b>Weighted average number of shares used in diluted earnings per share</b>	<b>719,708,112</b>	<b>418,640,985</b>

## NOTE 7: SHARE CAPITAL

	6 months to 31 December 2020 No.	Year to 30 June 2020 No.
<b>Shares issued and fully paid</b>		
Beginning of the period	711,855,027	418,427,072
Issued under share-based payment plans	10,722,906	480,000
Shares issued	-	292,947,955
<b>Shares issued and fully paid</b>	<b>722,577,933</b>	<b>711,855,027</b>
Shares authorised for share based payments	15,010,112	22,160,112
<b>Total shares authorised at the end of the period</b>	<b>737,588,045</b>	<b>734,015,139</b>

## NOTE 8: PROPERTY, PLANT AND EQUIPMENT

The following tables show the movements in property, plant, and equipment:

	Plant and Equipment	Lease Make Good	Leasehold Improvements	Right-of- use asset	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 30 June 2020</b>	<b>3,237,204</b>	<b>888,739</b>	<b>2,093,401</b>	<b>1,660,457</b>	<b>2,902</b>	<b>7,882,703</b>
Additions	53,733	-	-	-	20,691	74,424
Disposals	-	-	-	-	-	-
Depreciation expense	(551,607)	(58,760)	(346,518)	(108,883)	(12,882)	(1,078,650)
<b>Balance at 31 December 2020</b>	<b>2,739,330</b>	<b>829,979</b>	<b>1,746,883</b>	<b>1,551,574</b>	<b>10,711</b>	<b>6,878,477</b>

Included in the carrying amount of property, plant and equipment are right-of-use assets as follows:

Right-of-use asset	31 December 2020	30 June 2020
Right-of-use	1,551,574	1,660,457
<b>Total right-of-use assets</b>	<b>1,551,574</b>	<b>1,660,457</b>

**NOTE 9: LEASE LIABILITY**

The Group has a lease for the main warehouse and office. Future minimum lease payments at 31 December 2020 were as follows:

<b>Lease liabilities</b>	<b>31 December 2020</b>	<b>30 June 2020</b>
Lease liabilities (current)	168,411	168,411
Lease liabilities (non-current)	1,471,869	1,556,074
	<b>1,640,280</b>	<b>1,724,485</b>

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

Contingent liabilities include the lease for 74 Asquith Street is supported by a The Commonwealth Bank of Australia ("CBA") bank guarantee for \$138,000. Collateral for the bank guarantee is a set-off against cash invested with the CBA for \$138,000. The CBA also holds a Guarantee against the company credit cards of \$50,000.

**NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE**

There were no events subsequent to reporting date.



# DIRECTORS DECLARATION

The directors of the company declare that:

1. the financial statements and notes as set out on pages [10] to [17] are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards AASB 134 *Interim Financial Reporting*; and
  - (b) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the half year ended on that date.
2. in the directors' opinion, there are reasonable grounds to believe that the group 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.



Director

**James Walker**

Director



**Giles Bourne**

Dated 22 February 2021

# Independent Auditor's Review Report

To the Members of BluGlass Limited

Report on the review of the half year financial report

## Conclusion

We have reviewed the accompanying half year financial report of BluGlass Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and 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 ended on that date, a description of accounting policies, other selected explanatory notes, 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 accompanying half-year financial report of BluGlass Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Basis for Conclusion

We conducted our review in accordance with 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$3,685,103 during the half year ended 31 December 2020 and, had net cash outflows of \$923,623. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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 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 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 2020 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*.

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.

Grant Thornton

Grant Thornton Audit Pty Ltd  
Chartered Accountants



P J Woodley  
Partner – Audit & Assurance

Sydney, 22 February 2021