

Rule 4.2A.3

APPENDIX 4D

Half Year report

1. Company Details

Name of entity

Energy Technologies Limited

ABN or equivalent company reference

38 002 679 469

Reporting Period ('current period')

31 December 2020

Previous corresponding period ('previous period')

31 December 2019

2. Results for announcement to the market

		%		\$A'000
2.1 Revenues from ordinary activities	Down	0.9%	to	5,228
2.2 Loss from ordinary activities after tax attributable to members	Up	33%	to	(3,658)
2.3 Loss for the period attributable to members	Up	33%	to	(3,658)
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.			

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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

The consolidated net loss after tax and minorities of the Group for the half year ended 31 December 2020 was \$3,657,918 (31 December 2019 Loss was \$2,748,760).

EGY's wholly owned subsidiary Bambach Wires and Cables Pty Ltd (the company) reported a loss after tax of \$3,099,553 compared to December 2019 Half Year loss of \$2,325,542.

During the period, the company experienced several hurdles in the operating business. Covid-19 disruptions, which were magnified in Victoria, interrupted the relocation and commissioning of the full-scale operations of the Manufacturing operations in Rosedale, which in turn, inhibited the ability to drive utilisation at the factory. With the delay in the final installation of the machine centres, stock items were greatly reduced which hampered the ability to not only drive sales but deliver product into existing sales channels. This led to revenue from sales dropping by 22.4% on the previous corresponding period.

The company is pleased to report, however, that staff at Rosedale have commenced mainstream production on the desired machine centres and business is moving to normality. While COVID-19, and the subsequent prospect of further restrictions is still a possibility, Bambach is better suited to handle the disruptions as machine centres are now operating. Staff training requirements continue to be ongoing and production staff will become fully effective in calendar year 2021.

The Group received \$1,095,600 in Jobkeeper support during the period which aided it in reducing the potential loss from such events. No income has been accrued for the half year to 31 December 2020 for R&D Grant (December 2019 \$300,000). The implementation of AASB16 accounting standard for leases has increased net expenses by \$95,067 (December 2019 net expenses also increased by \$116,551).

EGY announced on 24 June 2020 a capital raising of up to \$5 million, comprising a \$1.6 million Placement and a non- renounceable Rights Issue for up to \$3.4 million. In July with the completion of the Placement and the Rights Issue EGY successfully raised \$5 million through the allocation of 20,000,000 ordinary shares in the placement, raising \$1.6 million, and a further 42,500,000 ordinary shares under the rights issue, raising a further \$3.4 million. EGY raised a further \$1.8m by placement in December 2020.

Since the end of the financial period EGY has issued 520,000 secured Convertible Notes with a face value of \$1.00 per note at an issue price of \$520,000. The Notes have a 12 month term and interest is paid or accrued at the rate of 12% per annum. Conversion of the Notes requires shareholder approval. Funds raised by the issue of the Convertible Notes will be used to assist in the restructure of existing debt and for working capital.

3.1 Net Tangible Assets per security	Current period	Previous corresponding period
Net tangible assets per security. Intangible assets and right-of-use assets have been excluded from the calculation of net tangible assets per security.	4.28 cents	7.57 cents

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		

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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:

<i>Name of entity</i>	<i>Percentage holding 31/12/20</i>	<i>Percentage holding 31/12/19</i>

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

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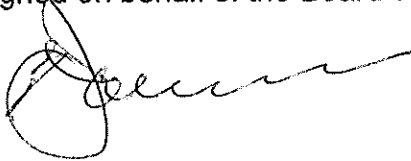
8. For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International Financial Reporting Standards)

Dulhunty Engineering Limited (formerly Dulhunty Power International Limited) 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.

Signed on behalf of the Board of Directors



Brian Jamieson
Chairman
Melbourne, 26 February 2021

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**ENERGY TECHNOLOGIES
LIMITED (ASX: EGY)**

ABN 38 002 679 469

Half-Year Financial Report

for the half-year ended 31 December 2020

Corporate Information

ABN 38 002 679 469

Directors

Brian Jamieson (Chairman, Non-Executive Director)

Anthony L Smith (Non-Executive Director)

Ian Campbell (Non-Executive Director)

Matthew Driscoll (Non-Executive Director)

Yulin Hu (Non-Executive Director)

Meiping Hu (Alternate Director to Yulin Hu)

Company Secretary

Gregory R. Knoke

Registered Office

Unit J, 134 - 140 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

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Directors' Report

Your Directors submit their report for the half-year ended 31 December 2020

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.

Brian Jamieson (Chairman, Non-Executive Director) Appointed 24 December 2020.

Anthony L. Smith (Non-Executive Director) Appointed on 24 December 2020.

Ian Campbell (Non-Executive Director) Appointed on 24 December 2020.

Matthew Driscoll (Non-Executive Director) Appointed 20 December 2016.

Yulin Hu (Non-Executive Director) Appointed 25 November 2015.

Meiping Hu (Alternate Director to Yulin Hu) Appointed 25 November 2015.

Gary A. Ferguson (Non-Executive Director) Appointed on 1 October 2012. Resigned 24 December 2020.

Alfred J. Chown (Chairman, Managing Director) Appointed 4 July 1997. Resigned 24 December 2020.

Philip W Dulhunty OAM (Non-Executive Director) Appointed 3 December 2014. Deceased 29 November 2020.

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

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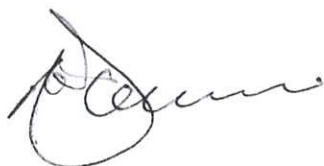
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Directors' Report (Cont'd)

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 2020.

Signed in accordance with a resolution of the Directors.



Brian Jamieson
Chairman
Melbourne, 26 February 2021

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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 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 Audit Pty Ltd
Chartered Accountants



C F Farley
Partner – Audit & Assurance

Sydney, 26 February 2021

Condensed Consolidated Statement of Profit or Loss

for the half-year ended 31 December 2020

	Note	CONSOLIDATED	
		31 December 2020	31 December 2019
		\$	\$
Sales revenue	3(i)	4,054,096	5,222,683
Other revenues	3(i)	1,173,492	54,526
Total revenue from continuing operations		5,227,588	5,277,209
Cost of sales		(4,455,832)	(4,544,032)
Marketing expenses		(29,269)	(70,722)
Occupancy expenses		(97,253)	(92,065)
Administration expenses		(2,368,055)	(1,981,594)
Depreciation and Amortisation expenses		(1,119,801)	(844,527)
Other expenses		(49,647)	(30,961)
LOSS BEFORE FINANCE COSTS, INCOME TAX		(2,892,269)	(2,286,692)
Finance costs	3(ii)	(743,669)	(404,588)
LOSS BEFORE INCOME TAX		(3,635,938)	(2,691,280)
INCOME TAX (EXPENSE)		(33,715)	(64,075)
LOSS AFTER INCOME TAX		(3,669,653)	(2,755,355)
LOSS ATTRIBUTABLE TO:			
Owners of the parent		(3,657,918)	(2,748,760)
Non-controlling interest		(11,735)	(6,595)
		(3,669,653)	(2,755,355)

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 2020

	CONSOLIDATED	
	31 December 2020 \$	31 December 2019 \$
LOSS FOR THE PERIOD	(3,669,653)	(2,755,355)
<u>OTHER COMPREHENSIVE INCOME</u>		
Items that may be reclassified subsequently to profit or loss		
Movement in foreign exchange relating to translation of controlled foreign entities	9,953	(179)
Exchange differences on foreign exchange relating to minorities	9,953	(179)
TOTAL COMPREHENSIVE (LOSS)	(3,649,747)	(2,755,713)
TOTAL COMPREHENSIVE (LOSS) ATTRIBUTABLE TO:		
Owners of the parent	(3,647,965)	(2,748,939)
Non-controlling interest	(1,782)	(6,774)
	(3,649,747)	(2,755,713)
Earnings per Share		
From continuing operations:		
• Basic loss per ordinary share (cents)	(2.54)	(3.21)
• Diluted loss per ordinary share (cents)	(2.54)	(3.21)

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 2020

	Note	CONSOLIDATED	
		31 December 2020 \$	30 June 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		601,974	27,676
Trade and other receivables	5	2,771,698	4,188,418
Inventories		3,634,965	2,326,951
Other current assets		358,504	357,389
TOTAL CURRENT ASSETS		7,367,141	6,900,434
NON CURRENT ASSETS			
Property, plant & equipment	4	12,798,875	12,871,545
Right of use assets	6	3,516,124	3,876,560
Intangible assets		4,616,878	4,737,132
Deferred tax asset		195,212	228,927
Other non-current assets		278,383	215,408
TOTAL NON-CURRENT ASSETS		21,405,472	21,929,572
TOTAL ASSETS		28,772,613	28,830,006
CURRENT LIABILITIES			
Trade and other payables		4,824,863	6,268,901
Borrowings	7	3,618,529	3,865,247
Lease liabilities	6	772,809	882,252
Short-term provisions		787,723	846,510
TOTAL CURRENT LIABILITIES		10,003,924	11,862,910
NON-CURRENT LIABILITIES			
Borrowings	7	-	338,963
Lease liabilities	6	3,171,921	3,395,172
Long-term provisions		149,967	156,692
TOTAL NON-CURRENT LIABILITIES		3,321,888	3,890,827
TOTAL LIABILITIES		13,325,812	15,753,737
NET ASSETS		15,446,801	13,076,269
EQUITY			
Issued capital	8	31,306,841	25,351,729
Other contributed equity		-	300,000
Reserves		5,791,801	5,781,848
Share based payment reserve	9	365,167	-
Accumulated losses		(21,403,378)	(17,745,460)
Parent interest		16,060,431	13,688,117
Non-controlling interest		(613,630)	(611,848)
TOTAL EQUITY		15,446,801	13,076,269

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 2020

	Issued Capital \$	Other Contributed Equity \$	Reserves \$	Share Based Payment Reserve \$	Accumulated Losses \$	Non- Controlling Interest \$	Total \$
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
Balance at 1.7.2020	25,351,729	300,000	5,781,848	-	(17,745,460)	(611,848)	13,076,269
Comprehensive income							
Loss for the period	-	-	-	-	(3,657,918)	(11,735)	(3,669,653)
Other comprehensive loss for the period, net of income tax	-	-	9,953	-	-	9,953	19,906
Total comprehensive income/(loss) for the period	-	-	9,953	-	(3,657,918)	(1,782)	(3,649,747)
Transactions with owners in their capacity as owners and other transfers							
Contribution of equity	5,955,112	(300,000)	-	-	-	-	5,655,112
Unlisted share options	-	-	-	365,167	-	-	365,167
Total transactions with owners, in their capacity as owners, and other transfers	5,955,112	(300,000)	-	365,167	-	-	6,020,279
Balance at 31.12.2020	31,306,841	-	5,791,801	365,167	(21,403,378)	(613,630)	15,446,801

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 2020

CONSOLIDATED

	31 December 2020 \$	31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	4,720,812	6,388,823
Interest received	34	543
Receipts from government subsidies	1,923,462	-
Payments to suppliers and employees	(9,654,307)	(6,740,391)
Finance costs	(635,741)	(380,630)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	(3,645,740)	(731,655)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	11,400
Purchase of property, plant and equipment	(791,440)	(1,261,948)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	(791,440)	(1,250,548)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	388,899	1,516,591
Government Grant	-	2,110,703
Proceeds issue of shares	6,500,000	-
Less cost of capital raising	(499,721)	-
Repayment of lease liabilities	(265,369)	-
Repayment of borrowings	(1,112,331)	(1,657,656)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	5,011,478	1,969,638
NET INCREASE/(DECREASE) IN CASH HELD	574,298	(12,565)
Cash at beginning of the financial period	27,676	29,940
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	-	1
CLOSING CASH BALANCE AT END OF FINANCIAL PERIOD	601,974	17,376

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 2020

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 2020 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 2020 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 26 February 2021.

(b) Going Concern

The consolidated entity incurred a loss after tax and non-controlling interest of \$3,657,918 (2019 \$2,748,760) and incurred negative cash flows from operations of \$3,645,740 (December 2019 negative \$731,655) for the half year ended 31 December 2020. Revenues from sales in subsidiary Bambach Wires and Cables Pty Ltd were down 22.4% on the previous corresponding period. This was caused primarily by the impact of Covid-19, and by final transitional issues in relocating the primary manufacturing factory facility from NSW to Victoria.

At 31 December 2020 the consolidated entity had net assets of \$15,446,801 (June 2020: \$13,076,269) including the recognition of deferred tax assets of \$195,212 and intangible assets of \$4,616,878. At balance date, current liabilities exceeded current assets by \$2,636,783, including a lease liability current portion of \$527,588 which was recorded under 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, including extensions of facilities where required;
- (d) further equity raisings including convertible note issue

Management have prepared a cash flow projection (including the above assumptions) for the period to 28 February 2022 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 2020

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.

Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

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 Cables (specialist and industrial) and Investment.

During the half-year period to 31 December 2020, 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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	\$	\$	\$	\$	\$	\$
Revenue	5,108,596	5,268,965	118,992	8,244	5,227,588	5,277,209
Segment result before income tax	(3,083,307)	(2,268,658)	(552,631)	(422,622)	(3,635,938)	(2,691,280)
Income tax (expense)	(33,715)	(64,075)	-	-	(33,715)	(64,075)
Loss after income tax	(3,117,022)	(2,332,733)	(552,631)	(422,622)	(3,669,653)	(2,755,355)
Segment Assets	28,186,431	26,476,802	586,182	234,270	28,772,613	26,711,072
Segment Liabilities	30,057,824	24,179,753	(16,732,012)	(11,897,669)	13,325,812	12,282,084

Notes to the Half –Year Financial Statements

31 December 2020

3. REVENUE, INCOME AND EXPENSES

(i) Revenue from continuing operations

	31 December 2020	31 December 2019
	\$	\$
Sale of goods	4,054,096	5,222,683
Other Revenues:		
Finance revenue	34	543
Gain on sale of fixed assets	-	11,400
Jobkeeper payment scheme	1,095,600	-
Other income	77,858	42,583
Total Other Revenues	1,173,492	54,526
	<u>5,227,588</u>	<u>5,277,209</u>

(ii) Finance costs

Leasing finance cost	97,180	109,587
Borrowing costs	646,489	295,001
	<u>743,669</u>	<u>404,588</u>

(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 2020

	Manufacturing \$	Total \$
Goods transferred at a point in time	4,054,096	4,054,096
Total	4,054,096	4,054,096

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

Notes to the Half –Year Financial Statements

31 December 2020

4. PLANT AND EQUIPMENT

Acquisitions and disposals

During the half-year ended 31 December 2020 the group acquired fixed assets at a cost of \$791,440 (December 2019: \$1,261,948).

Plant and equipment disposals during the half year ended 31 December 2020 provided net proceeds of \$NIL (December 2019: \$11,400).

5. TRADE AND OTHER RECEIVABLES

	31 December 2020 \$	30 June 2020 \$
CURRENT		
Trade receivables	2,042,228	2,788,593
R & D grant receivable	-	782,104
Government grant receivable	201,600	169,500
Other receivables	527,870	448,221
	<u>2,771,698</u>	<u>4,188,418</u>

6. RIGHT OF USE ASSETS AND LEASE LIABILITIES

	\$	\$
Right of Use Assets		
Right of use	4,474,040	4,474,040
Less: Accumulated Amortisation	(957,916)	(597,480)
	<u>3,516,124</u>	<u>3,876,560</u>

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 2020	3,876,560
Additions	-
Amortisation expense	(360,436)
Balance at 31 December 2020	<u>3,516,124</u>

Notes to the Half –Year Financial Statements

31 December 2020

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

	31 December 2020 \$	30 June 2020 \$
Lease Liabilities		
CURRENT		
Office and factory premises	527,588	566,244
Hire Purchase agreements*	245,221	316,008
	<u>772,809</u>	<u>882,252</u>
NON CURRENT		
Office and factory premises	3,094,262	3,320,975
Hire Purchase agreements*	77,659	74,197
	<u>3,171,921</u>	<u>3,395,172</u>
	<u>3,944,730</u>	<u>4,277,424</u>

* Lease liabilities on Hire purchase agreements are secured by the underlying financed assets included in property, plant and equipment

Notes to the Half –Year Financial Statements

31 December 2020

7. BORROWINGS

	31 December 2020 \$	30 June 2020 \$
CURRENT		
Secured borrowings:		
Debtor Finance Facility	731,700	1,398,684
Trade Finance Facility	1,376,536	1,046,406
Asset Finance Facility	394,256	106,365
Director Loan	575,000	575,000
	<u>3,077,492</u>	<u>3,126,455</u>
Unsecured borrowings		
Executive loans	11,109	200,981
Other loan	529,928	537,811
	<u>541,037</u>	<u>738,792</u>
	<u>3,618,529</u>	<u>3,865,247</u>
NON CURRENT		
Secured borrowings		
Asset Finance facility	-	338,963
	<u>-</u>	<u>338,963</u>

During the half-year ended 31 December 2020 the group repaid \$1,112,331 of both long and short term interest bearing debt.

Notes to the Half –Year Financial Statements

31 December 2020

8. CONTRIBUTED EQUITY

	31 December 2020 Number	30 June 2020 Number	31 December 2020 \$	30 June 2020 \$
Ordinary shares	171,022,955	85,772,955	31,306,841	25,351,729
Movement				
At the beginning of the reporting period	85,772,955	85,486,742	25,351,729	25,279,229
Shares issued during the year				
16/08/19 issued at \$0.24	-	131,250	-	31,500
13/12/19 issued at \$0.27	-	112,963	-	30,500
18/05/20 issued at \$0.25	-	42,000	-	10,500
07/07/20 issued at \$0.08	20,000,000	-	1,600,000	-
21/07/20 issued at \$0.08	42,500,000	-	3,400,000	-
23/12/20 issued at \$0.08	22,500,000	-	1,800,000	-
24/12/20 issued at \$0.08	250,000	-	20,000	-
Capital Transaction Costs	-	-	(864,888)	-
At reporting date	171,022,955	85,772,955	31,306,841	25,351,729

9. SHARE BASED PAYMENT RESERVE

As part of the capital raising in November 2020 EGY granted 19,300,000 options valued at \$365,167 to brokers and corporate consultants in connection with Placement and Rights Issue. The valuation model inputs used to determine the fair value at the grant date is as follows:

Tranche	Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility %	Dividend yield	Risk-free interest rate %	Fair value at grant date
12,500,000	18/11/20	30/06/23	\$0.08	\$0.12	55%	-	0.09%	\$0.0176
6,800,000	18/11/20	01/12/23	\$0.08	\$0.11	55%	-	0.09%	\$0.0214

10. CONTINGENT LIABILITIES

Contingent liabilities of the group are materially as disclosed in the 30 June 2020 Annual Financial Report.

Notes to the Half –Year Financial Statements

31 December 2020

11. RELATED PARTIES

Loans by Directors and Key Management

During the half year to 31 December 2020 no loans were made, guaranteed or secured by any entity in the consolidated entity to any group of key management personnel.

12. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial period, subsidiary Bambach Wires & Cables Pty Ltd has been awarded a Sovereign Industrial Capability Priority Grant to improve Australian manufacturing capability to support the Continuous Shipbuilding Program which includes rolling submarine acquisition; land combat, protected vehicles and technology upgrade. The Grant will enable the company to enhance its existing manufacturing capability to manufacture of small, medium, and large diameter low voltage silicone copper cables essential for use in submarine and shipbuilding. The Federal Government will contribute up to \$1.34m to the project.

Since the end of the financial period EGY has issued 520,000 secured Convertible Notes with a face value of \$1.00 per note at an issue price of \$520,000. The Notes have a 12 month term and interest is paid or accrued at the rate of 12% per annum. Conversion of the Notes requires shareholder approval. Funds raised by the issue of the Convertible Notes will be used to assist in the restructure of existing debt and for working capital.

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 2020

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 2020 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.



Brian Jamieson
Chairman
Melbourne, 26 February 2021

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 half-year 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 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 Energy Technologies Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Energy Technologies Limited'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 1(b) in the financial report, which indicates that the Group incurred a net loss of \$3,669,653 during the half year ended 31 December 2020 and, as of that date, the Group's current liabilities exceeded its current assets by \$2,636,783. 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 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 Audit Pty Ltd
Chartered Accountants



C F Farley
Partner – Audit & Assurance

Sydney, 26 February 2021