

APPENDIX 4E

Preliminary final report

1. Company Details

Name of entity			
ENERGY TECHNOLOGIES LIMITED			
ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')	
38 002 679 469	30 June 2019	30 June 2018	

2. Results for announcement to the market

			\$A'000
2.1 Revenues from operating activities	Down	18% to	12,663
2.2 Profit from operating activities after tax attributable to members	Up	145% to	1,404
2.3 Profit for the period attributable to members	Up	145% to	1,404
2.4 Dividends	Amount per security	Franked amount per security	
Final dividend	NIL	NIL	
Interim dividend	NIL	NIL	
2.5 Record date for determining entitlements to the dividend	Not applicable		
2.6 Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood:			
Revenue from operating activities, 2.1 above, excludes \$5,357,429 profit on the conversion of debt to equity, refer Note 2, Revenue from Continuing Operations.			
Energy Technologies Limited (EGY) has reported a consolidated profit for the year after tax and minority interests of \$1,403,557 (FY2018 loss of \$3,109,926).			
The FY2019 results include a loss after tax of \$2,650,579 (FY2018 loss of \$1,146,960) reported by subsidiary Bambach Wires and Cables Pty Ltd (BWC).			
There will be further discussion of the result below.			

3. Details of Individual and Total Dividends

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

Total dividend per security (interim plus final)

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

4. Dividend reinvestment plan

Details of any dividend reinvestment plans in operation:

<provide plan details, if any>

N/A

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

<date, if applicable>

N/A

5. Statement of retained earnings

	Current period - \$A'000	Previous corresponding period - \$A'000
Accumulated losses at the beginning of the financial year	(14,747)	(11,637)
Net profit/(loss) attributable to members	1,404	(3,110)
Accumulated losses at the end of the financial year	(13,343)	(14,747)

6.1 Net Tangible Asset backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.15	(\$2.76)

6.2 Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS (cents)	4.3	(94.0)
Net profit / (loss) after tax for the period attributable to members (\$'000s)	1,404	(3,110)
Weighted average number of ordinary securities	32,299,031	3,313,317

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

7.1 A Name of entity No entities were acquired during the period

7.2 A Date from which control was gained

7.3 A Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from operating activities during the period and the profit or loss of such entities during the whole of the previous corresponding period

7.1 B Name of entities No entities were disposed of during the period

7.2 B Date from which control was gained / lost

7.3 B Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from operating activities during the period and the profit or loss of such entities during the whole of the previous corresponding period

8. Details of Associates and Joint Ventures:

Name of entity	Percentage holding 30 Jun 19	Percentage holding 30 Jun 18
N/A		

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

9 - Comments by directors

EGY has reported a consolidated profit after tax and minorities for FY2019 of \$1,403,557 (FY2018 loss after tax and minorities \$3,109,926). Wholly owned subsidiary Bambach Wires and Cables Pty Ltd (BWC) reported a loss after tax of \$2,650,579 (FY2018 loss \$1,146,960). The BWC result is impacted by an \$870,064 year end write off of inventory as the company reviews its inventory in preparation for relocation to the new facility in Victoria.

The loss position of BWC continued in FY18/19 but the board is confident the business will be substantially turned around over the course of this financial year due to its new Rosedale facility coming on stream over the period. The new facility will deliver ten times existing manufacturing capacity and 2-3 times efficiency. Refurbishment of the site began in early 2019 and is now substantially completed. The facility has started limited production which will be ramped up to full scale production over the course of the next two months. The new facility will erase bottlenecks of capacity, efficiency and capability in the business, that have dramatically hampered its route to profitability over past years. Negative impact of such a change to the underlying business has been limited to date and now the project is nearing completion any such impact will further decrease.

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

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

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

The Preliminary Financial Report is based on the Group's 2019 annual financial report, the accounts of which are in the process of being audited. No matters have arisen thus far which would result in a dispute or qualification in the current year.

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

N/A

Sign here:



Print name: Alfred Chown
Managing Director

Date: 30 August 2019

ENERGY TECHNOLOGIES LIMITED

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2019

	Notes	CONSOLIDATED	
		2019 \$'000	2018 \$'000
CONTINUING OPERATIONS			
Sale of goods	2a	12,593	15,270
Cost of sales		(10,019)	(11,799)
Gross profit		2,574	3,471
Rendering of services	2a	70	194
Other revenue	2b	5,604	334
Marketing expenses		(38)	(43)
Occupancy expenses		(728)	(692)
Administrative expenses		(4,690)	(4,243)
Borrowing costs	3	(911)	(1,574)
Depreciation and amortisation expenses	3	(454)	(370)
Other expenses		(126)	(194)
PROFIT/(LOSS) FOR THE YEAR BEFORE INCOME TAX		1,301	(3,117)
Income tax benefit (expense)		90	(10)
PROFIT/(LOSS) FOR THE YEAR AFTER INCOME TAX		1,391	(3,127)
LOSS ATTRIBUTABLE TO MINORITY INTEREST		13	17
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF ENERGY TECHNOLOGIES LIMITED		1,404	(3,110)

The accompanying notes form part of these financial statements.

ENERGY TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	CONSOLIDATED	
	2019 \$'000	2018 \$'000
PROFIT/(LOSS) FOR THE YEAR	1,391	(3,127)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX:		
(a) Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Movement in foreign exchange relating to translation of controlled foreign entities	(3)	(2)
Exchange difference on foreign exchange relating to minorities	(3)	(2)
Revaluation of Plant and Equipment to fair value	6,429	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)	6,423	(4)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	7,814	(3,131)
TOTAL COMPREHENSIVE PROFIT/(LOSS) ATTRIBUTABLE TO:		
Members of the parent entity	7,830	(3,112)
Minority equity interest	(16)	(19)
	7,814	(3,131)
Earnings per Share		
From continuing operations:		
• Basic loss per ordinary share (cents)	4.3	(94.0)
• Diluted loss per ordinary share (cents)	4.3	(94.0)

ENERGY TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	CONSOLIDATED 2019 \$'000	2018 \$'000
CURRENT ASSETS			
Cash and cash equivalents		30	189
Trade and other receivables		5,248	3,186
Inventories		3,480	4,555
Other current assets		212	247
TOTAL CURRENT ASSETS		8,970	8,177
NON-CURRENT ASSETS			
Property, plant and equipment		11,358	2,910
Intangibles		4,083	2,718
Deferred tax assets		267	177
Other receivables		209	191
TOTAL NON-CURRENT ASSETS		15,917	5,996
TOTAL ASSETS		24,887	14,173
CURRENT LIABILITIES			
Trade and other payables		4,587	5,878
Financial liabilities		2,438	10,122
Provisions		823	662
TOTAL CURRENT LIABILITIES		7,848	16,662
NON-CURRENT LIABILITIES			
Financial liabilities		130	4,276
Provisions		196	119
TOTAL NON-CURRENT LIABILITIES		326	4,395
TOTAL LIABILITIES		8,174	21,057
NET ASSETS (LIABILITIES)		16,713	(6,884)
EQUITY			
Issued capital	5	25,279	9,496
Reserves		5,374	(1,052)
Accumulated losses		(13,343)	(14,747)
Parent interests		17,310	(6,303)
Minority interests		(597)	(581)
TOTAL EQUITY (DEFICIENCY)		16,713	(6,884)

The accompanying notes form part of these financial statements

ENERGY TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2019

	Issued Capital \$'000	Reserves \$'000	Accumulated Losses \$'000	Minority Interest \$'000	Total \$'000
Balance at 1 July 2017	9,279	(1,050)	(11,637)	(562)	(3,970)
Comprehensive income					
Loss for the year	-	-	(3,110)	(17)	(3,127)
Other comprehensive loss for the year	-	(2)	-	(2)	(4)
Total comprehensive loss for the year	-	(2)	(3,110)	(19)	(3,131)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued in lieu of directors fees	217	-	-	-	217
Total transaction with owners, in their capacity as owners, and other transfers	217	-	-	-	217
Balance at 30 June 2018	9,496	(1,052)	(14,747)	(581)	(6,884)
Comprehensive income					
Profit for the year	-	-	1,404	(13)	1,391
Other comprehensive income for the year	-	6,426	-	(3)	6,423
Total comprehensive income for the year	-	6,426	1,404	(16)	7,814
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity	15,783	-	-	-	15,783
Total transaction with owners, in their capacity as owners, and other transfers	15,783	-	-	-	15,783
Balance at 30 June 2019	25,279	5,374	(13,343)	(597)	16,713

The accompanying notes form part of these financial statements.

ENERGY TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Notes	CONSOLIDATED	
		2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		11,878	17,309
Payments to suppliers and employees		(12,599)	(17,981)
Borrowing costs		(298)	(153)
NET CASH (OUTFLOWS) FROM OPERATING ACTIVITIES	4	(1,019)	(825)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		28	4
Purchases of property, plant and equipment		(3,456)	(301)
Purchases of intangible development assets		(1,755)	(1,081)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(5,183)	(1,378)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from other borrowings		2,064	521
Proceeds from shares issued		2,851	-
Government Grants		1,450	-
Repayment of borrowings		(411)	(298)
Proceeds of Loans from directors		89	1,470
NET CASH INFLOWS FROM FINANCING ACTIVITIES		6,043	1,693
NET INCREASE (DECREASE) IN CASH HELD		(159)	(510)
Add: Opening cash brought forward		189	699
CLOSING CASH AT THE END OF THE YEAR		30	189

The accompanying notes form part of these financial statements.

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. BASIS OF PREPARATION

a) Basis of preparation

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

The preliminary final report should be read in conjunction with the half-year financial report of Energy Technologies Limited as at 31 December 2018. It is also recommended that the financial report be considered together with any public announcements made by Energy Technologies Limited and its controlled entities during the year ended 30 June 2019 in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

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

This preliminary final report does not constitute the full financial report for the year ended 30 June 2019.

b) Going Concern

The consolidated entity made a profit after tax attributable to members of \$1,403,557 (2018: loss of \$3,109,926). The consolidated profit included a gain on the extinguishment of debt of \$5,357,430, following the issue of shares at a discounted percentage of outstanding debt to Debenture, Convertible Note and loan holders in full satisfaction of the company's obligations. The consolidated entity incurred negative cash flows from operations of \$1,018,523 for the year ended 30 June 2019 (2018: negative \$824,934). At balance date, following the conversion of debenture and convertible and other debt to equity, current assets exceeded current liabilities by \$1,121,022.

However fully owned subsidiary Bambach Wires and Cables incurred a loss after tax of \$2,650,579 (2018: \$1,146,960). This loss was impacted by a \$870,064 year end write off of inventory as the company reviews its inventory in preparation for relocation to new facility in Victoria.

This matter gives rise to a material uncertainty that may cast doubt upon the consolidated entity's ability to continue as a going concern. The ongoing operation of the consolidated entity is dependent upon it achieving cash flow positive trading operations from its existing business.

Management have prepared a cash flow projection for the period to 30 September 2020 that supports the ability of the consolidated entity to continue as a going concern. Supporting the cash flow projection is the fact that the company restructured and acquired the assets, IP, Brand and Customer base of Advance Cables in May 2019 and since that date has been in the process of establishing a large manufacturing facility in Rosedale Victoria capable of producing up to 250 tonnes of finished product per month (Sydney capacity 25-30 tonnes per month). The cash flow is conservative in that it is only projecting FY2020 revenue of \$23.4m when the combination of Bambach and Advance unaudited FY2018 revenue was in excess of \$50m. The cash flow also only assumes FY2019 margins despite the new factory being able to deliver significant production efficiencies that will deliver significant margin improvement. Since last year's annual report the company has substantially improved its balance sheet and the steps taken in establishing a new much larger, more efficient manufacturing facility stand it in good stead to improve profitability of its operating business.

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

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

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
2. REVENUES FROM CONTINUING OPERATIONS		
a) Revenue from continuing operations		
Sale of goods	12,593	15,270
Services revenue	<u>70</u>	<u>194</u>
	12,663	15,464
b) Other revenues from continuing operations		
- R&D Grant	202	316
- Finance revenue	17	17
- Gain on debt settlement	5,357	-
- Other income	<u>28</u>	<u>1</u>
	5,604	334
Total revenues from continuing operations	<u>18,267</u>	<u>15,798</u>
3. EXPENSES		
Included in the determination of net profit / (loss) before tax from continuing operations are the following expenses.		
Depreciation and amortisation of: non-current assets		
Plant and equipment	269	245
Building and leasehold improvements	3	3
Furniture, fixtures and fittings	6	4
Motor vehicles	22	17
Computer equipment	11	12
Intangibles	<u>143</u>	<u>89</u>
Total depreciation and amortisation of non-current assets	454	370
Borrowing costs expensed:		-
Borrowing expense	394	88
Interest expense	<u>517</u>	<u>1,486</u>
	911	1,574
Superannuation contributions	<u>448</u>	<u>461</u>
Operating lease rental expense:		
Minimum lease payments	<u>1,001</u>	<u>934</u>

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	CONSOLIDATED	
	2019	2018
	\$'000	\$'000
4. STATEMENT OF CASH FLOWS		
Reconciliation of the net profit (loss) after tax to the net cash flows from operations		
Profit (Loss) from operating activities after income tax	1,391	(3,127)
Add / (less) Non-cash items		
Depreciation of non-current assets	311	281
Amortisation of intangible assets	143	89
Unrealised foreign exchange movements	(1)	-
HP interest	77	60
Transaction cost Debentures	190	87
Non-operating cash flow cash items		
Interest Accruals capitalised to Loans	2,257	-
Other Debtors received after year end	1,822	-
Accounts Payable Settlement Discount	100	-
Inventories acquired by way of share issue	188	-
Gain on sale of assets	(28)	-
Gain on debt settlement	(5,357)	-
Shares issued in lieu of Director Fees	-	217
Changes in assets and liabilities		
(Increase) / decrease in inventories	1,076	102
(Increase) / decrease in trade and other receivables	(2,062)	663
(Decrease) / Increase in payables	(1,291)	815
(Increase) / decrease in deferred tax asset	(90)	10
(Increase) / decrease in other-current assets	35	(15)
(Increase) / decrease in other-non-current receivables	(18)	(8)
Net movement in provisions for employee entitlements	238	1
	(1,019)	(825)
Net cash (used in) operating activities	(1,019)	(825)

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

5. CONTRIBUTED EQUITY	CONSOLIDATED			
	2019		2018	
Issued capital	\$		\$	
85,486,742 (348,245,332 – 2018) ordinary shares fully paid	25,279,229		9,496,447	
Ordinary Shares	2019	2018	\$	\$
	Number	Number		
At the beginning of reporting period	348,245,332	326,507,732	9,496,447	9,279,071
Shares issued during year				
15/2/2019 Issued @ \$0.002	5,372,125,309	-	10,744,251	-
22/2/2019 Consolidation 100:1	57,203,903	-		-
25/2/2019 issued at \$0.20	23,650,000	-	4,730,000	-
11/4/2018 issued at \$0.20		21,737,600	-	217,376
30/4/2019 issued at \$0.20	1,350,000	-	270,000	-
13/5/2019 issued at \$0.20	2,500,000	-	500,000	-
29/5/2019 issued at \$0.24	782,839	-	187,881	-
Capital Transaction Costs	-	-	(649,350)	-
At reporting date	85,486,742	348,245,332	25,279,229	9,496,447

Recapitalisation

Shares have been issued to Debenture, Convertible Note and loan holders in full satisfaction of the company's obligation under the debenture, notes and loan documents. Shares were issued as agreed by lenders at a discounted percentage of the outstanding loan amounts including accrued interest. This resulted in a gain on conversion of \$5,357,429.

As a result of the debt conversion as above EGY issued 5,372,125,309 new ordinary shares on 15 February 2019. The consolidation of every 100 ordinary shares on issue into one ordinary share, as approved by shareholders at the EGM on 13 February 2019, subsequently resulted in 57,203,903 new shares on issue at price of \$0.20.

On 25 February 2019 EGY announced a placement of 23.65 million shares to sophisticated and professional investors to raise \$4,730,000.

On 30 April 2019 a further placement of 1.35 million shares was completed to sophisticated and professional investors to raise \$270,000.

A share issue on 13 May 2019 of \$2.5 million shares was made as consideration for the acquisition of intellectual property under the transaction as approved by shareholders at EGM.

A further share issue of 782,839 shares on 29 May 2019 was made as consideration for the acquisition of inventory under the transaction as approved by shareholders at EGM.

Terms and conditions

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

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

6. Segment Reporting

Primary reporting - Business segments

	Energy/Energy Infrastructure		Investment		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Revenue	12,893	15,782	5,374	16	18,267	15,798
Segment result before income tax	(2,753)	(1,160)	4,054	(1,957)	1,301	(3,117)
Income tax benefit/(expense)	90	(10)	-	-	90	(10)

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

ENERGY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

7. SUBSEQUENT EVENTS

Energy Technology Limited wholly owned subsidiary, Bambach Wires and Cables Pty Ltd, has since the end of the financial period commenced initial production in its new Rosedale facility, as announced to ASX on 25 July 2019. Further equipment will continue to be installed over the remainder of calendar 2019 with full production expected to be reached by November/December this year.

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

Compliance statement

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

Sign here:



Print name: Alfred Chown
Managing Director

Date: 30 August 2019