ENERGY TECHNOLOGIES LIMITED

ABN 38 002 679 469

Annual Financial Report

for the year ended 30 June 2019

Corporate Information

ABN 38 002 679 469

Directors

Alfred J. Chown (Chairman/Managing Director)

Gary A. Ferguson (Non-Executive Director)

Philip W. Dulhunty (Non-Executive Director)

Yulin Hu (Non-Executive Director)

Matthew Driscoll (Non-Executive Director)

Meiping Hu (Alternate Director to Yulin Hu)

Company Secretary

Gregory R. Knoke

Registered Office

102 Old Pittwater Road

BROOKVALE NSW 2100

Bankers

National Australia Bank Limited

NAB House, 255 George Street

SYDNEY NSW 2000

Share Register

Computershare Investor Services Pty Ltd

60 Carrington Street

Sydney NSW 2000

Telephone:- (02) 8234 5000

Facsimile:- (02) 8235 8150

Auditors

Grant Thornton Audit Pty Ltd

Level 17

383 Kent Street

SYDNEY NSW 2000

Telephone:- (02) 8297 2400

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Chairman's Report

FY2019 has been a milestone year for the Energy Technologies Limited (EGY) group and in particular wholly owned subsidiary Bambach Wires and Cables Pty Ltd (Bambach), with the completion of a transaction which culminated in the establishing of a large new manufacturing facility in Rosedale Victoria, the strengthening of the balance sheet through extinguishment of debt by the issue of ordinary shares in EGY at a discount and the acquisition of the plant and equipment and business assets of Advance Wires and Cables Pty Ltd (Advance). As a result EGY reported a consolidated profit after tax and minorities of $1,403,557 for the financial year.

Bambach continued to report a loss after tax, which was exacerbated by costs associated with establishing the new facility in Rosedale and by an inventory write down as physical inventory was reviewed prior to transfer to Rosedale. Once full production commences in Rosedale a significant increase in revenue is projected, including sale of new Bambach lines previously marketed as Advance Cables. As previously reported, Bambach was awarded a $2.92m Regional Job and Investment Plan grant and has now received two tranches of funding.

The Rosedale facility has now started production and while there is still a lot of work to undertake installing machines, the factory is substantially complete and can move rapidly to full production over the remaining months of 2019. The new facility will increase production capacity from around 30 tonnes of copper per month to 200 tonnes per month and improve margins, due to greater machine speeds and efficiency improvements.

Once again new products developed by the company are selling well with brands becoming more recognised and requested. Bambach manufactured Detecta-Cab and Traffi-Cab "traffic" cables are in high demand due to large road infrastructure projects underway as are TrackSure and TrackSafe rail signalling and power cables. Recently The Naval Group endorsed Bambach as a manufacturer of cable to support its contract to build submarines for the Australian Navy and Bambach is actively quoting on supply for both the Frigate and Patrol Boat programs. A video developed by The Naval Group can be found on https://vimeo.com/360187526/f626dfb345

The coming FY2020 is an exciting period for EGY and Bambach as it completes its move, settles down and scales up production at its new plant. The move will lead to far greater manufacturing capacity and capability at a time when demand for LV specialist cable is at an all time high in Australia-due to all the infrastructure and Defence projects that are underway.

The board believes that the company is well placed to take advantage of its situation and substantially improve its business over the coming months.

Alfred J Chown
Chairman

Sydney, 27 September 2019

Directors' Report

Your Directors submit their report for the year ended 30 June 2019.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Alfred J. Chown, B.Econ, (Age 58) (Chairman/Managing Director) Appointed 4 July 1997.

Born in 1960, in Sale, Victoria, Mr Chown returned in 2012 from residing in Hong Kong. In 1987 he co-founded E.L. Consult Ltd an executive search provider that prior to being sold to the Clarius group (ASX:CND) and renamed Lloyd Morgan in March 2007, had an extensive network of offices throughout Hong Kong, China, Singapore and Malaysia. Mr Chown continues to provide his services to Lloyd Morgan in a regional role. In the early 1990's Mr Chown also co-founded Dulhunty Engineering Ltd and in 1997 this company established Dulhunty Yangzhou Line Fittings Co Ltd, a manufacturer of line fittings for the electric power transmission and distribution industry. In 2003 Mr Chown was the driving force to merge these businesses together with Dulhunty Industries Pty Limited of Australia to form Energy Technologies Limited. Mr Chown is a former Chairman of the Australian Chamber of Commerce in Hong Kong and has extensive commercial experience in both Australia and Asia. Mr Chown is also a member of the Remuneration and Nomination Committees of the company.

Philip W. Dulhunty OAM (Age 95) (Non-Executive Director) Appointed 3 December 2014

Founder of Dulhunty Power (Aust) Pty Limited, importers, exporters and distributors of electrical power transmission equipment. Honorary Life Member and distinguished member of the international electrical transmission industry body, CIGRE and Honorary Life Senior member of IEEE. Holder of Centenary Medal for Contribution to Australian Industry. Mr Dulhunty was also the recipient of the Institute of Engineering and Technology (IET) James N Kirby Medal in 2007. Mr Dulhunty was previously a Director of the company from 31 March 2003 to 1 October 2012. Mr Dulhunty is also a member of the Audit and Nomination Committees of the company.

Gary A Ferguson CA (Age 76) (Non-Executive Director). Appointed 1 October 2012

Mr Ferguson is a qualified accountant. During his career, he has worked for manufacturing companies as a cost accountant, lectured in accounting (post-certificate Cost Accounting) with the then Department of Technical Education, developed the methodology associated with risk analysis profiles for capital expenditure projects in both the cable and abrasive sectors and providing consultant services to these companies. Mr Ferguson relocated to Mid-North Coast NSW in 1975 and gained a very broad level of experience, owning and operating businesses in the construction, hospitality, heavy transport and earthmoving and quarry industries. In 1992 he acquired a public practice in Kempsey, specializing in providing commercial clients with advice in corporate structure, taxation, reporting and financial management areas, including providing associated legal services from in house partners. Mr Ferguson is a Member of both Chartered Accountants Australia and New Zealand (CA) and Certified Practising Accountants in Australia (CPA). Mr. Ferguson is also Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees of the company.

Yulin Hu (Age 51) (Non-Executive Director) Appointed 25 November 2015

Mr Yulin Hu is an Australian resident and leading businessman whose roles include the President of China City Construction Holdings Limited, which owns a construction business in China with approximately 6bn RMB (A$1.1bn) turnover.

Directors' Report (Cont'd)

Meiping Hu (Age 30) (Alternate Director to Yulin Hu) Appointed 25 November 2015

Ms Meiping Hu has a Bachelor degree in Commerce at the University of South Australia and a Master of Advanced Professional Accounting at Macquarie University. Ms Hu is currently a practising accountant and a member of CPA Australia. Ms Hu has previously worked in Fujian HongSheng Construction Group Co., Ltd and an accounting practice in Hong Kong, and has been assisting Mr Hu in various matters in Australia for over eight years such as property investment and imports and exports.

Matthew Driscoll, BA, Dip Ed, Grad. Dip. App Fin. SF Fin., MSAA, GAICD (Age 55) (Non- Executive Director) Appointed 20 December 2016

Mr Driscoll has significant experience across several industries, including online technologies, financial services, fintech, property and resources. He has more than 30 years' experience in capital markets and the financial services industry and is an accomplished company director in roles across listed and private companies. He has significant experience in international business growth, mergers and acquisitions, equity and debt raisings and building strategic alliances, and remains committed to ethical, commercial and consumer-based outcomes.

Other Current Directorships: NED Blina Minerals (BDI), NED BuyMyPlace.com.au (BMP), NED of Unlisted public Co. Smoke Alarms Holdings.

Former Directorships (last 3 years): Chair, Powerwrap Limited (PWL) Chair, Killara Resources Limited (KRA)

COMPANY SECRETARY

Gregory R. Knoke, B. Com, CA (Age 66) (Company Secretary and Chief Financial Officer) Appointed 30 April 2003.

Director of Cogenic Pty Limited. Mr Knoke was a director of Energy Technologies Limited from May 2000 until 30 April 2003, resigned upon acceptance of the position of CFO. Born in 1952, educated at University of NSW and graduated in 1973 with major in accountancy, he holds a Bachelor of Commerce degree with merit. Mr Knoke is a Chartered Accountant and Associate member of Chartered Accountants Australia and New Zealand since 1979, an affiliate member of Chartered Secretaries of Australia and member of the Australia China Business Council. Business consultant and advisor, with extensive work experience throughout Asia and Europe, Mr Knoke spent 13 years in Hong Kong as Asian Group Financial Controller and Director for BIL Asia Holdings Limited and subsidiaries of the Brierley Investments Limited Group.

PRINCIPAL ACTIVITIES

EGY's principal activities during the year were:

- The manufacture and sale of specialist industrial cables through wholly owned subsidiary Bambach Wires and Cables Pty Limited (BWC):
- Driving organic growth and organisational change in BWC;
- Seeking other products, businesses and opportunities for the Group.

REVIEW AND RESULTS OF OPERATIONS

Energy Technologies Limited (ASX: 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, as well as one off costs in the refurbishment and equipment installation for the new Rosedale factory facility.

Directors' Report (Cont'd)

BWC was awarded a further net $948,604 R&D Grant (FY2018 $1,148,210) which partially recovered the continuing significant research and development expenditure undertaken by BWC in new product development, cables and testing. This has been recorded as a receivable, refer Note 10.

The loss position of BWC continued in FY19, however 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.

STATE OF AFFAIRS

During the financial year the group repaid $411,389 (2018: $297,705) of both long and short term interest bearing debt.

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.

Debentures, Convertible Notes and accrued interest thereon totalling $13,104,890 in EGY were converted to 4,571,346,731 ordinary shares in EGY at a price of $0.002 per share. Unsecured loans and accrued interest thereon totalling $2,996,790 in subsidiary Bambach Wires and Cables Pty Ltd were converted to 800,778,578 ordinary shares in EGY at a price of $0.002 per share. This resulted in a total gain on conversion of $5,357,429.

The debt conversions extinguished $9,868,566 of current secured and unsecured liabilities and $3,970,000 of non-current liabilities recorded as per Note 17 of the FY2018 Financial Report and accrued interest thereon.

In relation to the Going Concern position of the Group, please refer to the details set out in Note 1(c) to the Financial Statements.

DIVIDENDS

No dividends were paid or recommended by the parent company EGY this financial year.

NON-AUDIT SERVICES

During the year Grant Thornton Audit Pty Ltd, the Company's auditor, appointed at the Extraordinary General Meeting held on 13 February 2019, performed no other services in addition to their statutory duties. The previous auditor Nexia Sydney Audit & Assurance, removed on resolution at the Extraordinary General Meeting performed no other services in addition to their statutory duties.

Details of the amounts paid to the auditor and their associates for audit services provided during the year are set out in note 6 to the financial statements. In addition, amounts paid to other auditors for other statutory audit services have been disclosed in that note.

EVENTS SUBSEQUENT TO REPORTING DATE

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 operation of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Directors' Report (Cont'd)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Refer Subsequent Events note above.

Future Developments and Risks

Opportunities

Energy Technologies Ltd (EGY) 100% owned subsidiary, Bambach Wires and Cables Pty Ltd (BWC) has begun initial production in its new Rosedale facility. To date a full production line consisting of a fast core extrusion line capable of speeds in excess of 700m per minute, an extrusion sheathing line for small diameter cables, a large diameter sheathing line capable of extruding sheaths on cables up to 300mm in diameter, an automatic winding line for winding small diameter cables onto 100, 200 and 500m reels, a planetary winding machine, a Cook Buncher, a Northampton buncher and various large and small rewinding lines have been installed, commissioned and put into initial production. The facility has been producing Advance brand air conditioning cable and Advance brand Polysafe cables. Further equipment consisting of Rod Breakers and Wire Drawing machines are being installed and commissioned in first half FY2020. BWC will extend its production range in Rosedale to production of BWC branded SafeX LSOH cables,Traffic cables, including the Traffi-Cab and Detecta-Cab range of cables as well as the Bambach Tracksure and Tracksafe branded power and signalling rail cables.

Further equipment from BWC's Sydney factory will continue to be installed over the remainder of calendar 2019 with full production expected to be reached by December this year. The new facility will be capable of producing in excess of 250 tonnes of finished cable products per month, a vast improvement on BWC's current capacity of less than 30 tonnes per month from its existing Brookvale plant.

During FY2019 EGY completed a group restructure which included converting $16.1m of structured debt and accrued interest into $10.7m of equity, removing debt. The company now has a strong balance sheet with approximately $17.1m of consolidated net assets and $1.12m of net current assets. It continues to average orders in hand in excess of $1.5 m. As part of the restructuring of the company, BWC purchased the assets and Intellectual property of Advance Wires and Cables Pty Ltd, an Australian manufacturer of cables for the commercial and residential building industry. It is expected that with the addition of the Advance range of cables, vastly increased manufacturing capability and substantially reduced manufacturing costs due to equipment that runs at speeds up to three times faster than existing BWC equipment, BWC will be able to grow its business substantially from its existing revenues.

In line with the Business Plan the company continues to invest significant funds in updating and improving equipment. Further equipment has been identified and is under order for delivery in FY2020. This equipment will further increase the capacity and efficiency of the factory and lead to improved margins on products made. The new equipment will also allow manufacture of a much larger range of cable and larger sizes of cable, reducing exposure to price variations from suppliers and foreign exchange risk.

As stated previously, the company continues to invest significant time and funds in developing a range of specialist cables for infrastructure and defence related projects, to expand its range of products to supply to market areas where it was deemed there would be significant growth. Opportunity for the company exists in the fact that it has multiple products, all Australian made and coming on stream to meet growth in infrastructure and defence spending at a time when markets are becoming increasingly protective.

Risks

Subsidiary BWC needs to continue upgrading its manufacturing facilities to enable it to meet expected capacity requirements and produce locally an expanded range and size of cables. Failure to do so will substantially limit growth and will not allow anticipated margin improvement.

A rise in the AUD against the USD will impact negatively on the competitiveness of the business. At AUD/USD 0.80 the business may be less competitive with imports of like quality. A fall from this level is favourable to the business whilst a rise is unfavourable.

Directors' Report (Cont'd)

BWC is a small player in a market where there are a number of very large competitors and management are very aware that to compete BWC must maintain a point of difference. To this end it must continue with a very active research and development agenda, developing new cables and continuously upgrading existing cables. It must also continue to develop its manufacturing processes and adopt a continuous upgrade program. It must also continue to excel in the level of service that it provides. Any failure in any of these areas will bring significant risk to the business.

While EGY reported a consolidated profit for FY2019, BWC continues to report a loss and has not been profitable for an extended period. This weakness has been supported financially by significant fund raising and investment, which has been successfully undertaken over the past three years and continued in FY2019. BWC continues to be without bank facility support. The company must deliver to maintain the support of its shareholders and financiers, and in this respect It must deliver on the small objectives as well as the larger objective of returning to profitability. Thus it must continue to deliver on bringing new products to market, on increasing productivity to maintain support on its road to building a robust sustainable business. Failure to meet accepted milestones on this path will pose a risk to continued financial support.

The company has based its business plan on the belief that both Federal and State governments will proceed with planned infrastructure and defence spending. Now significant projects are proceeding. Any cancellation of these plans or continued delay will impact negatively on the opportunities that lie ahead for the company.

The company has developed products some of which still require final testing and approval. Any failure to pass testing in a timely manner or not obtain approval will impact negatively on the company's performance.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The group operates factories in Brookvale, Sydney and Rosedale, Victoria which are required to comply with local planning laws, and with State and Commonwealth Environmental laws. The company considers that the factory operations are currently compliant, and is not expecting any adverse impact as a result of the environmental regulation.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

The Company has entered into Deeds of Indemnity and Access with persons who are an Officer or Director of the Company or a related body corporate, indemnifying such persons against a liability incurred by them in their capacity as an Officer or Director, including costs and expenses of defending legal proceedings and providing them with access to company records where a claim is made or threatened against such Officer or Director.

Insurance Premiums

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an auditor of the Company or a related body corporate paid or agreed to pay a premium in respect of a contract insuring against a liability for costs or expenses of defending legal proceedings.

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expense insurance for Directors and Officers of the Company. In accordance with subsection 300(9) of the Corporations Act 2001, further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

EMPLOYEES

The consolidated entity employed 79 employees as at 30 June 2019 (2018: 61 employees).

Directors' Report (Cont'd)

REMUNERATION REPORT

The remuneration report is set out on page 12 and forms part of the Directors' Report for the financial year ended 30 June 2019.

DIRECTORS' MEETINGS

The numbers of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each director were as follows:

	Board of Directors	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings held:	7	1	4	1
Number of meetings attended:				
Alfred J. Chown	7	1	-	1
Gary A. Ferguson	7	1	4	1
Philip W. Dulhunty	6	-	2	1
Matthew Driscoll	7	1	4	-
Yulin Hu	7	-	-	-
Meiping Hu (Alternate Director to Yulin Hu)	2	-	-	-

Committee Membership

At the date of this report, the company's committees were comprised as follows:

Audit Committee:	Matthew Driscoll	Gary A. Ferguson	Philip W. Dulhunty
Nomination Committee:	Alfred J. Chown	Gary A. Ferguson	Philip W. Dulhunty
Remuneration Committee:	Matthew Driscoll	Alfred J. Chown	Gary A. Ferguson

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The relevant interest of each director in the shares, and options over such instruments, issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Energy Technologies Limited		**Dulhunty Engineering Limited**
	Ordinary Shares	**Options**	**Ordinary Shares**
Alfred J. Chown	8,243,575	-	59,724
Gary A. Ferguson	1,154,044	-	-
Philip W. Dulhunty	1,417,195	-	-
Yulin Hu	3,476,058	-	-
Matthew Driscoll	1,025,774	-	-

Directors' Report (Cont'd)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 25 of this financial report and forms part of this Directors' Report.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behavior and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance principles are contained in the Corporate Governance Statement.

Signed in accordance with a resolution of the Directors.

Alfred J. Chown

Chairman/Managing Director

Sydney, 27 September 2019

Remuneration Report (audited)

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the managing director and the executive team. Remuneration levels are set to attract and retain appropriately qualified and experienced Directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. The Remuneration Committee also assesses the appropriateness of the nature and amount of emolument of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

Executive remuneration packages include a mix of fixed remuneration and performance based remuneration.

Fixed Remuneration

Fixed remuneration consists of base remuneration as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, segment and overall performance of the consolidated and operating entity. A senior executive's remuneration is also reviewed on promotion.

Performance – linked Remuneration

The Remuneration Committee links the nature and amount of directors' and executives' emoluments to the company's financial and operational performance. All senior executives have the opportunity to qualify for participation in the Employee Bonus Plan, which currently provides incentives where specified criteria are met including criteria relating to profitability.

Performance linked remuneration includes both short term and long term incentives and is designed to reward executive directors and senior executives for meeting or exceeding financial and personal objectives. The short term incentive is an at-risk bonus provided in the form of cash, and is based on the relevant operating subsidiaries' results and on achieving a preset target. The long term incentive is provided as ordinary shares of Energy Technologies Limited or options over ordinary shares of Energy Technologies Limited under the rules of the Energy Technologies Limited Share Option Plan.

The remuneration structures result in and take into account:

- The overall level of remuneration for each director and executive
- The executive's ability to control performance
- The amount of incentives within each executive's remuneration.

Short term incentive

Each year the remuneration committee sets the key performance indicators, which generally include measures relating to the operating group, the relevant segment and the individual, and are based on financial, customer and strategy measures. The measures directly align the reward to the key performance indicators and the operating group performance. The financial performance objectives are operating group turnover and EBIT to working capital ratio analyses compared to budgeted amounts on a regional and consolidated basis. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety and business development.

The remuneration committee approves the cash incentive to be paid to the individuals.

Long term incentive

Options are available to be issued under the Energy Technologies Limited Share Option Plan (made in accordance with thresholds set in plans approved by shareholders at the 2017 AGM), and it provides for directors, executives and employees to receive options in total limited to 15% of the issued ordinary capital and exercisable strictly under the terms of the Plan.

Remuneration Report (audited)

The Board considers that the above remuneration structure is adequate given the major restructuring of the operations required under the Business Plan, and secondly, the performance linked element appears to be appropriate because the executives strive to achieve a level of performance which qualifies them for bonuses.

The remuneration for all non-executive directors, last voted upon by shareholders at the 2007 AGM, is not to exceed $500,000 per annum. Director's base fees are presently up to $20,000. Directors receive additional cash benefit of $2,500 for participation and attendance at each board approved committee, up to a maximum $5,000.

Names and positions held of consolidated entity key management personnel in office at any time during the financial year are:

Key Management Person	Position (s) Held during the Year
Alfred J. Chown	Chairman/Managing Director of EGY and Managing Director of BWC
Gary A. Ferguson	Director – Non-Executive of EGY and Director of BWC
Philip W. Dulhunty	Director – Non-Executive of EGY
Yulin Hu	Director – Non-Executive of EGY
Matthew Driscoll	Director – Non-Executive of EGY
Gregory. R. Knoke	CFO/Company Secretary of EGY and BWC
Nicholas Cousins	General Manager BWC

Options and Rights Holdings

Gregory R. Knoke and Nicholas Cousins currently hold Nil Options issued under the Share Option Plan.

Shareholdings Number of Shares held by Key Management Personnel	Balance 30 June 2018	Purchases from Debt Conversion Pre Consolidation	Purchases	Share Consolidation 100:1	Balance 30 June 2019
Specified directors					
Alfred J Chown	50,660,691	373,696,749	4,000,000	(420,113,865)	8,243,575
Gary A. Ferguson	47,266,126	68,137,914	-	(114,249,996)	1,154,044
Philip W. Dulhunty	22,695,135	119,024,216	-	(140,302,156)	1,417,195
Yulin Hu	87,845,969	259,759,773	-	(344,129,684)	3,476,058
Matthew Driscoll	2,577,313	-	1,000,000	(2,551,539)	1,025,774
Specified executives					
Gregory R. Knoke	7,442,415	-	-	(7,367,990)	74,425
Nicholas Cousins	-	-	-	-	-
	218,487,649	820,618,652	5,000,000	(1,028,715,230)	15,391,071

Remuneration Report (audited)

Voting and comments made at the Company's last Annual General Meeting

Energy Technologies Limited received 100% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2018. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Use of remuneration consultants

Energy Technologies Limited did not employ the services of any remuneration consultants in 2019.

Employment agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in an employment agreement. The major provisions of the agreements relating to remuneration as set out below:

Employee	Base Salary (per annum)	Term of Agreement	Notice Period
Alfred J Chown	$287,671	Unspecified	3 months
Gregory R Knoke	$192,876	Unspecified	1 month
Nicholas Cousins	$157,500	Unspecified	1 month

Other transactions with key management personnel

During 2019, Director Alfred J Chown made a loan of $50,000 to the Company and a further $39,561 to subsidiary Bambach Wires and Cables Pty Ltd. These loans are unsecured and payable on demand.

Details of the nature and amount of each element of the remuneration of key management personnel including each director of the company and each of the specified executive officers of the company and the consolidated entity for the financial year are disclosed in the table on next page.

Remuneration Report (audited)

Remuneration of key management personnel (audited)

The following table provides the details of all directors of the Company ("specified directors") and the executives of the consolidated entity with the greatest authority ("specified executives"), and the nature and amount of the elements of their remuneration for the year ended 30 June 2019. No remuneration for the financial year is performance related or equity related.

		Short-term benefits			Post Employment Benefits	Share-based payment	Total
2019		Cash, salary, fees & commissions	Cash Bonus	Other	Superannuation	Equity	
Specified Directors	**Position (s) Held**	$	$	$	$	$	$
Alfred J. Chown	Chairman/Managing Director of EGY and Managing Director of BWC	447,341	-		23,090	-	470,431
Gary A. Ferguson	Non-Executive Director of EGY and Director of BWC	25,000	-	-	-	-	25,000
Philip W. Dulhunty	Non-Executive Director of EGY	20,000	-	-	-	-	20,000
Yulin Hu	Non-Executive Director of EGY	20,000	-	-	-	-	20,000
Matthew Driscoll	Non-Executive Director of EGY	25,000	-	-	-	-	25,000
Specified executives							
Gregory R. Knoke	CFO/Company Secretary of EGY and BWC	197,948	-	7,934	18,545	-	224,427
Nicholas Cousins	General Manager BWC	147,798	-	18,000	13,894	-	179,692
		883,087	-	25,934	55,529	-	964,550

Remuneration Report (audited)

Remuneration of key management personnel (audited)

The following table provides the details of all directors of the Company ("specified directors") and the executives of the consolidated entity with the greatest authority ("specified executives"), and the nature and amount of the elements of their remuneration for the year ended 30 June 2018. No remuneration for the financial year is performance related or equity related.

		Short-term benefits			Post Employment Benefits	Share-based payment	Total
2018		Cash, salary, fees & commissions	Cash Bonus	Other	Superannuation	Equity	
Specified Directors	**Position (s) Held**	$	$	$	$	$	$
Alfred J. Chown	Chairman/Managing Director of EGY and Managing Director of BWC	316,701	-	-	15,785	-	332,486
Gary A. Ferguson	Non-Executive Director of EGY and Director of BWC	25,000	-	-	-	-	25,000
Philip W. Dulhunty	Non-Executive Director of EGY	20,000	-	-	-	-	20,000
Yulin Hu	Non-Executive Director of EGY	20,000	-	-	-	-	20,000
Matthew Driscoll	Non-Executive Director of EGY	25,000	-	-	-	-	25,000
Specified executives							
Gregory R. Knoke	CFO/Company Secretary of EGY and BWC	178,372	-	8,669	16,124	-	203,165
Nicholas Cousins	General Manager BWC	123,905	-	18,000	11,615	-	153,520
		708,978	-	26,669	43,524	-	779,171

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End of the audited Remuneration Report.

Corporate Governance Statement

The Company's corporate governance practices are discussed below. The Company and the Board of Directors are committed to achieving and demonstrating the highest standards of corporate governance and aim to comply with the Corporate Governance Principles and Recommendations set by the ASX Corporate Governance Council.

The Board of Directors guides and monitors the business and affairs of Energy Technologies Limited and its subsidiaries ("the Group") on behalf of the shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for the overall corporate governance of the Group. To assist the Board in discharging its responsibilities the Board has adopted principles of corporate governance that are considered appropriate for the present size of the Group. Where it is not appropriate, cost effective or practical to comply fully with the Corporate Governance Principles and Recommendations, this fact has been disclosed together with reasons for the departure.

Consistent with the ASX recommendations, the Company's corporate governance practices are regularly reviewed. The information in this statement is current as at 30 August 2019.

Principle 1: Lay solid foundations for management and oversight

1.1: Board and Management Responsibilities

The Board is responsible for, and has the authority to determine, all matters relating to the running of the Company including the policies, operational practices, management and objectives of the Company. In carrying out its responsibilities, the Board undertakes to serve the interest of shareholders diligently and fairly. It is the role of management to manage the Company in accordance with the directives of the Board.

Accordingly certain functions and roles are reserved to the Board, and certain others are delegated to the senior executives of the Group.

The responsibilities of the Board include:

- formulating the vision and strategic direction and monitoring performance objectives of the Group
- overseeing and fostering an appropriate culture for the Group that is aligned to its values
- developing and monitoring adoption of the most appropriate principles of corporate governance
- ensuring adequate risk management processes are in place and are complied with
- reviewing internal controls, external audit reports and ensuring codes of conduct and regulatory compliance
- approving and monitoring the progress of major capital expenditure projects, funding programmes, acquisitions and divestments
- reviewing and approving annual business plans and budgets
- ensuring appropriate resources are available to senior executives
- reviewing and ratifying systems for health, safety and environmental management and controls
- appointing and evaluating the performance of senior executives
- appointing and creating succession policies for directors
- appointing, removing and creating succession policies for senior executives
- approving and monitoring financial and other reporting to shareholders and to the market.
- ensuring corporate accountability to the shareholders primarily through an effective communications strategy and through the Chairman adopting the key interface role between the Company and its shareholders.

A schedule of directors' meetings and attendances is detailed in the directors' report.

Corporate Governance Statement (Cont'd)

The Board has delegated responsibility for operation and day to day administration of the company to the Managing Director, the Chief Financial Officer and executive management.

The Managing Director is responsible for the achievement of the Company's goals, in accordance with the strategies and policies approved by the Board and with support from executive management. The specific duties of the Managing Director include:

- assisting the Board to develop the Company's Business Plan and goals
- responsibility for the achievement of these goals
- development in conjunction with senior management of short, medium and long term strategies to enable the Company to achieve its objectives
- preparation and update of business plans and relevant reports with senior management and implementation of those plans
- assessment of business opportunities including acquisitions
- proposing and controlling with Board approval items of material capital expenditure
- maintaining positive relationships with Board members, shareholders, trading partners and the investment community, including accepting the role of key spokesperson
- recommending and seeking appropriate approval for delegations of authority, key performance incentives and organizational changes, including key staff appointments, in conjunction with established board committees
- ensuring legal and regulatory compliance, in conjunction with senior management
- overall control of the staff appraisal process

1.2 and 1.3: Appointment of Directors

The experience, qualification and background of each Director is thoroughly assessed before appointment. This information is provided to shareholders through announcement to the market.

Information on each Director's background and qualification can be found on pages 5 and 6 of the Annual Report.

The Company issues written notice of appointment for new Directors or senior executives setting out the terms and conditions relevant to that appointment and the expectations of the role of the director. The Company also provides an induction process which provides key information on the nature of the business and its operations.

1.4: Company Secretary

The company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. On day to day matters the Company Secretary reports to the Managing Director.

The responsibilities of the Company Secretary include:

- advising the board and committee on governance issues;
- monitoring adherence to company policies;
- co-ordinating and timing despatching of Board and committee papers; and.
- ensuring that the business at Board and committee meetings are accurately captured in the minutes.

Corporate Governance Statement (Cont'd)

1.5: Diversity

The Company has adopted policies in relation to employment and recruitment which require the introduction of new staff and management of the Group's employees on a non-discriminatory basis. Hiring policies are backed by policies in relation to Sexual Harassment and Grievance and Dispute Handling.

The Group is quite small. Some new employees have been employed by BWC since its purchase, but only very few. The small scale of the company's hiring means that it is difficult to target new employees on a gender basis.

The Company's policies are intended to ensure that equal opportunity is given to all potential employees, and that increasing gender diversity at all levels will not be discouraged. The Board will keep the gender composition of its workforce under review.

Fifeen per cent (15%) of all the Group's employees are women. There is currently one female on the Board as Alternate Director to Yulin Hu.

1.6 and 1.7: Board and Management Reviews

The Board undertakes a review of the Managing Director and of senior executive performance at least annually, together with the Remuneration Committee, including setting targets. The performance evaluation is carried out in accordance with the policy and procedure set out in the Company's Corporate Governance documents, which are available on the Company's website.

Principle 2: Structure the board to add value

The composition of the Board is structured to efficiently discharge its responsibilities and duties.

2.1 : Nomination Committee

The names and qualifications of those appointed to the nomination committee for the year ended 30 June 2019 and their attendance at meetings of the committee are included in the directors' report. This committee is involved in the overseeing of the appointment and induction process for new directors, committee members and senior management.

The Nomination Committee is not chaired by an independent director, however the Committee is made up of a majority of independent directors. Due to the small number of directors and senior executives and the involvement of the current executive director and chairman in the business strategy of the group it is considered that the role of chairman of the Nomination Committee remains unchanged at this time.

For Directors retiring by rotation, the Board assesses that director before recommending re-election.

2.2 : Board skills matrix

The Board of Directors is comprised of a Managing Director and Chairman, together with four non-executive Directors and an Alternate Director. The Board considers that a diversity of skills, knowledge, experience, backgrounds and gender is required to effectively govern the business. The current Board profile addresses this with the following experience, skills and qualifications represented on the Board:

- international business and senior executive experience, including owning and managing businesses in the energy sector and other;
- experience on listed and unlisted company and association boards as executive and non-executives and committee members;
- understanding the sectors in which the Company operates in including the energy sector, resources industry, infrastructure, construction;
- relevant operational experience in strategic planning, executive management; mergers and acquisitions, risk management, financial markets, contract negotiation and people management;
- financial and corporate governance acumen with finance sector and audit committee roles experience;
- an understanding of the health and safety challenges of the business.

Corporate Governance Statement (Cont'd)

2.3, 2.4, 2.5 : Board Composition, Independence of Directors and Chairman

The composition of the Board is determined in compliance with the Company's constitution. The names of the directors of the company in office at the date of this report, their term of office and their skills, experience and relevant expertise are detailed in the directors' report. The position and term in office of each Director at the date of this report is as follows:

Name of Director	Position	Term in Office	
		Years	Months
Alfred J. Chown	Chairman/Managing Director	22	2
Gary A. Ferguson	Non-Executive	6	11
Philip W. Dulhunty	Non-Executive	4	9
Yulin Hu	Non-Executive	3	9
Meiping Hu	Alternate to Yulin Hu	3	9
Matthew Driscoll	Non-Executive	2	8

The Company has a majority of independent directors on the board.

The non-executive Directors are materially independent in complying as a director who is not a member of management and who:

- has not within the last three years been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment
- within the last three years has not been a principal or employee of a material professional advisor or a material consultant to the company or another group member
- is not a material supplier or customer of the company or another group member, or an officer of or otherwise associated with a material supplier or customer
- has no material contractual relationship with the company or another group member other than as a director of the company
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company
- is not a substantial shareholder in the Company.

During the 2013 financial year, Mr Alfred J. Chown was appointed as the Managing Director of the Company. After the resignation of former Board members, Mr Chown also adopted the position of Chairman of the Board. The company accepts that, as a principle, these roles should be separate. At present, however, there are factors which have made it desirable that they be exercised by the same person for the time being.

The Company and its subsidiary Bambach Wires and Cables Pty Ltd (BWC) continued to encounter difficult trading conditions during the year. The Managing Director continues to devote a great deal of time and energy to the operations of BWC, and its internal processes. The Managing Director and the other directors have been in frequent and informal contact during the year, in addition to the formal Board meetings. The strategy of the company, and the execution of the strategy, has been under frequent review, and the results under close scrutiny.

Directors have worked as an effective team, with close liaison. In the circumstances, directors have not felt it necessary to address the appointment of a new Chairman.

Corporate Governance Statement (Cont'd)

2.6 : Professional Development

Each Director has the right of access to all relevant Company information and to the Company's executives. The Directors also have access to external resources as required to fully discharge their obligations as Directors of the Company. The use of this resource is coordinated through the Chairman of the Board.

The Company has processes in place to review the performance of the Board and its committees and individual Directors. Each year the Board of Directors gives consideration to corporate governance matters, including the relevance of existing committees and to reviewing its own and individual Directors' performance. The Chairman is responsible for monitoring the contribution of individual Directors and consulting with them in any areas of improvement.

Principle 3: Promote ethical and responsible decision making

3.1 : Code of Conduct

The Board acknowledges the need for continued maintenance of the highest standards of Corporate Governance Practices and ethical conduct by all Directors and employees of the Group.

The Company has developed a Code of Conduct, an Employee Handbook and a comprehensive suite of policies which have been approved by the Board and apply to all employees, officers and Directors. This set of policies is regularly reviewed and may be amended as necessary to ensure it continues to reflect the best practices necessary to take into account legal obligations, maintain the Company's integrity and comply with the reasonable expectations of the Company's shareholders. The Code of Conduct is disclosed in the Company's Corporate Governance documents.

3.2 : Trading Policy

Trading in Company securities is regulated by the Corporations Act and the ASX Listing Rules. The Company's policy regarding directors and employees trading in its securities is set by the Board, and is disclosed in the Company's Corporate Governance documents. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's price.

Principle 4: Safeguard integrity in financial reporting

The following structure is set up to independently verify and safeguard the integrity of financial reporting.

4.1 : Audit Committee

The Board has established an audit committee. The names and qualifications of those appointed to the audit committee for the year ended 30 June 2019 and their attendance at meetings of the committee are included in the directors' report. The audit committee consists of a majority of independent directors, refer 2.3 Board Composition. Following the appointment of independent non-executive Director Matthew Driscoll the audit committee is constituted with three members. Mr Driscoll has been appointed as Chairman of the audit committee. The Board of the company now has six members including Alternate Director, however following the appointment of Mr Driscoll and the skills matrix, the Board has decided to retain the expanded structure at this time. The Board has decided not to appoint Alfred J. Chown, the Managing Director, to the audit committee. The Chief Financial Officer is invited to audit committee meetings at the discretion of the committee. The external auditor meets with members of the committee at least twice during the year.

The charter of the audit committee is disclosed in the Company's Corporate Governance documents.

The responsibilities of the audit committee include:

- Assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review.
- Providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001.

Corporate Governance Statement (Cont'd)

The Company does not have an internal audit function due to the size and lack of complexity of the Company. The Company's Board and Management oversee the key areas of the business including the risk management and internal control processes of the Company and evaluate and look for opportunities to continually improve the effectiveness of these processes.

4.2 : Financial Reporting

To assist the Board in approving the Company's financial statements, the Managing Director and the Chief Financial Officer are required to present a declaration with regard to the integrity of the financial statements to confirm to the Board that the Company's financial statements present a true and fair view in all material respects of the Company's financial condition and that operational results are in accordance with applicable accounting standards and the Corporations Act.

4.3 : External Auditors

The Board of Directors ensures that the Company's external auditor attends all Annual General Meetings and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 5: Make timely and balanced disclosure and respect the rights of shareholders

Disclosure

The Company has a Continuous Disclosure policy to ensure compliance with ASX Listing Rules and Corporations Act obligations to keep the market fully informed of any information which may have material effect on the price or value of its securities. The policy is disclosed in the Company's Corporate Governance documents. All ASX announcements are linked to the Company's website as soon as possible after confirmation from ASX, including financial statements.

The Company Secretary in consultation with the CEO and Directors is responsible for communications with the ASX. He is also responsible for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules, and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the general public.

Principle 6: Respect the rights of shareholders

6.1 Information on website

The Company takes advantage of electronic communication for investor relations. The Company's, and subsidiary Bambach Wires and Cables Pty Ltd, website contains extensive information about the Board and management globally. It includes relevant press releases and media announcements in relation to the Company's operations, relevant announcements made to the market via the ASX, Company presentations and copies of financial statements. The Company has recently upgraded its website and further development to ensure continuous and full disclosure is currently under way.

The Company provides shareholders with copies of all announcements made to the ASX by mail on request. Copies are also available in its web site or the ASX web site, ensuring that all shareholders are kept informed about the Company. Shareholders also have the option of receiving a hard copy of the Annual Report each year.

6.2 and 6.3 Investor relations and participation at meetings

The Board encourages full participation of attending shareholders at the Annual General Meeting to maintain a high level of accountability and allow shareholders to identify the Company's strategies and goals. The Company completes the Notice of Meeting and Explanatory Notes so that they provide clearly and concisely all of the information relevant to shareholders to enable them to make decisions on matters to be voted on at the meeting. The General Meetings are viewed as a tool to communicate with shareholders and the Company encourages and allows time for participation in the meetings. The full Board and senior executives are present and available to answer questions from the floor, as is the external auditor.

Corporate Governance Statement (Cont'd)

Informal meetings and factory site visits with shareholders are also held from time to time. A regular newsletter is produced which is available on request.

6.4 Electronic Communication

The Company also encourages electronic communication directly via email with shareholders at all times.

Principle 7: Recognise and manage risk

7.1 : Risk Committee

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee. Instead sub-committees are convened as appropriate in response to particular issues and risks identified by the Board as a whole, and the sub-committee further examines the issue and reports back to the board.

7.2 : Risk Review

The Board identifies potential areas of business risk arising from changes in the financial and economic circumstances of its operating environment. It regularly assesses the Company performance in light of risks identified.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic business plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholder's needs and manage business risk.
- Implementation of Board-approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of key performance indicators (KPI's) of both a financial and non-financial nature.
- The establishment of committees to report on specific business risks, including for example, such matters as occupational health and safety.
- Regular management meetings involving executive directors, specified executives, and staff during which reports are given on production, sales, financial, compliance and strategic issues and decisions taken on operating matters, or referred to the Board.
- Regular reports and cash forecasts from the CFO which assist in discharging the Board's responsibility to manage the Group's financial risks. The Board is advised on such matters as the Group's liquidity, available credit and currency exposures and monitors actions to ensure they are in line with Company policy.
- The Board holds ongoing discussion of issues raised in the shareholder open days, in addition to the AGM, as well as other shareholder communications, to ensure that the Board is cognizant of the diverse needs of various stakeholders and assist in identifying the risks the business may face if those needs are not met, as well as specifically review and update the corporate strategy as necessary.

7.3 : Internal Audit

The Board does not employ an internal auditor, although as part of the Company's strategy to implement an integrated framework of control, the Board requests the external auditors review internal control procedures. Recommendations once presented are considered by the Board.

7.4 : Sustainability Risks

The Board regularly assesses risks associated with economic, global, environmental and social sustainability risks.

Corporate Governance Statement (Cont'd)

Principle 8: Remunerate fairly and responsibly

8.1 : Remuneration Committee

The Board has established a remuneration committee. The remuneration committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director, senior executives and staff and directors themselves. It is also responsible for share option schemes, incentive performance packages, and compliance with superannuation requirements, termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies as applicable.

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report. The remuneration committee in place for the year ended 30 June 2019 consists of three directors and has a majority of independent directors. The Chief Financial Officer is invited to remuneration committee meetings, as required, to discuss senior executives and staff performance and remuneration packages.

The charter in relation to the remuneration committee is disclosed in the Company's Corporate Governance documents.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

8.2 : Executive and Directors Remuneration Policies

Remuneration levels are set to attract and retain appropriately qualified and experienced directors, senior executives and staff to run the consolidated entity. The board considers that the remuneration structure will be able to attract and retain the best executives with the necessary incentives to work to grow long-term shareholder value.

The remuneration committee obtains independent advice as necessary on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration includes a mix of fixed remuneration and performance-based remuneration. All senior executives receive a base salary, superannuation, fringe benefits and performance incentives. The remuneration committee reviews executive packages annually by reference to company performance, executive performance, comparative industry information and relevant independent advice. The performance of executives is measured against criteria agreed which is based on the forecast growth of the Company's turnover and profits and shareholders' value.

The Company's non-executive directors are paid directors' fees for their normal performance of duties as a director. Where there is a significant and sustained requirement for work by a director in excess of that considered normal for the Company, the Company will pay a one-off bonus in respect of that work.

The amount of remuneration for all directors and the highest paid executives, including all monetary and non-monetary components, are detailed in the Directors' Report.

8.3 : Equity based Remuneration Scheme

A revised Directors Equity Plan was established in 2017 and approved by shareholders at the 2017 Annual General Meeting.

Executives and employees are also entitled to participate in the EGY Share Option Plan also approved by shareholders at the 2017 Annual General Meeting.

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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 audit of Energy Technologies Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 27 September 2019

Consolidated Income Statement
for the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Sales Revenue	**2(a)**	**12,592,484**	15,270,586
Cost of Sales	**3**	**(10,019,392)**	(11,798,617)
Gross Margin		**2,573,092**	3,471,969
Rendering of services	**2(a)**	**69,727**	194,031
Other Income	**2(b)**	**247,004**	333,416
Gain on Debt Settlement	**2(b)**	**5,357,429**	-
Marketing expenses		**(38,187)**	(43,004)
Occupancy expenses		**(727,822)**	(692,057)
Administrative expenses		**(4,689,436)**	(4,243,777)
Finance costs	**3**	**(911,379)**	(1,573,268)
Depreciation and amortisation expenses	**3**	**(454,307)**	(370,099)
Other expenses		**(124,546)**	(194,396)
Profit/(Loss) before income tax		**1,301,575**	(3,117,185)
Income tax benefit/(expense)	**4**	**89,423**	(10,116)
Profit/(Loss) after income tax		**1,390,998**	(3,127,301)
Loss attributable to non-controlling interest		**12,559**	17,375
Profit/(Loss) attributable to members of the parent entity		**1,403,557**	(3,109,926)
Earnings per share			
Basic profit/(loss) per share (cents per share)	**8**	**4.3**	(94.0)
Diluted profit/(loss) per share (cents per share)	**8**	**4.3**	(94.0)

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	Consolidated	
		2019 $	2018 $
PROFIT/(LOSS) FOR THE YEAR		**1,390,998**	(3,127,301)
OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX:			
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		**(3,318)**	(1,717)
Exchange differences on foreign exchange relating to non-controlling interest		**(3,317)**	(1,717)
Revaluation of Plant and Equipment to fair value	**13**	**6,838,699**	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**6,832,064**	(3,434)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**8,223,062**	(3,130,735)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Members of the parent entity		**8,238,939**	(3,111,643)
Non-controlling interest		**(15,877)**	(19,092)
		8,223,062	(3,130,735)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
as at 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
CURRENT ASSETS			
Cash and cash equivalents	**9**	**29,940**	188,541
Trade and other receivables	**10**	**5,248,053**	3,185,897
Inventories	**11**	**3,479,718**	4,555,356
Other current assets	**15**	**212,380**	247,311
TOTAL CURRENT ASSETS		**8,970,091**	8,177,105
NON-CURRENT ASSETS			
Property, plant and equipment	**13**	**11,768,283**	2,909,796
Deferred tax assets	**18(a)**	**266,656**	177,233
Intangible assets	**14**	**4,083,426**	2,718,326
Other non-current assets	**15**	**209,024**	190,888
TOTAL NON-CURRENT ASSETS		**16,327,389**	5,996,243
TOTAL ASSETS		**25,297,480**	14,173,348
CURRENT LIABILITIES			
Trade and other payables	**16**	**4,587,414**	5,877,561
Financial liabilities	**17**	**2,438,470**	10,121,531
Short-term provisions	**19**	**823,184**	662,320
TOTAL CURRENT LIABILITIES		**7,849,068**	16,661,412
NON-CURRENT LIABILITIES			
Financial liabilities	**17**	**129,662**	4,276,404
Long-term provisions	**19**	**196,049**	118,675
TOTAL NON-CURRENT LIABILITIES		**325,711**	4,395,079
TOTAL LIABILITIES		**8,174,779**	21,056,491
NET ASSETS/(LIABILITIES)		**17,122,701**	(6,883,143)
EQUITY			
Issued capital	**20**	**25,279,229**	9,496,447
Reserves	**21**	**5,783,648**	(1,051,734)
Accumulated losses		**(13,343,241)**	(14,746,798)
Parent interest		**17,719,636**	(6,302,085)
Non-controlling interest		**(596,935)**	(581,058)
TOTAL EQUITY/(DEFICIENCY)		**17,122,701**	(6,883,143)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 30 June 2019

	Issued Capital $	Reserves $	Accumulated losses $	Non-Controlling Interest $	Total $
Consolidated					
Balance at 01 July 2017	9,279,071	(1,050,017)	(11,636,872)	(561,966)	(3,969,784)
Comprehensive income					
Loss for the year	-	-	(3,109,926)	(17,375)	(3,127,301)
Other comprehensive loss for the year	-	(1,717)	-	(1,717)	(3,434)
Total comprehensive income (loss) for the year	-	(1,717)	(3,109,926)	(19,092)	(3,130,735)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued in lieu of directors fees	217,376	-	-	-	217,376
Total transactions with owners, in their capacity as owners, and other transfers	217,376	-	-	-	217,376
Balance at 30 June 2018	**9,496,447**	**(1,051,734)**	**(14,746,798)**	**(581,058)**	**(6,883,143)**
Balance at 01 July 2018	**9,496,447**	**(1,051,734)**	**(14,746,798)**	**(581,058)**	**(6,883,143)**
Comprehensive income					
Profit (loss) for the year	**-**	**-**	**1,403,557**	**(12,559)**	**1,390,998**
Other comprehensive income for the year	**-**	**6,835,382**	**-**	**(3,318)**	**6,832,064**
Total comprehensive income (loss) for the year	**-**	**6,835,382**	**1,403,557**	**(15,877)**	**8,223,062**
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity	**16,432,132**	**-**	**-**	**-**	**16,432,132**
Cost of raising capital	**(649,350)**	**-**	**-**	**-**	**(649,350)**
Total transactions with owners, in their capacity as owners, and other transfers	**15,782,782**	**-**	**-**	**-**	**15,782,782**
Balance at 30 June 2019	**25,279,229**	**5,783,648**	**(13,343,241)**	**(596,935)**	**17,122,701**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**11,877,146**	17,309,340
Interest received		**566**	70
Payments to suppliers and employees		**(12,598,520)**	(17,980,889)
Finance costs		**(297,716)**	(153,455)
Net cash outflow from operating activities	**26(a)**	**(1,018,524)**	(824,934)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**28,000**	4,091
Purchases of property, plant and equipment		**(3,455,965)**	(301,606)
Purchases of intangible development assets		**(1,754,938)**	(1,080,833)
Net cash outflow from investing activities		**(5,182,903)**	(1,378,348)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**3,500,000**	-
Less cost of raising capital		**(649,350)**	-
Proceeds from borrowings		**2,063,960**	520,840
Proceeds from government grants		**1,450,000**	-
Repayment of borrowings		**(411,389)**	(297,705)
Loans from directors		**89,561**	1,470,000
Net cash inflow from financing activities		**6,042,782**	1,693,135
Net (decrease) increase in cash held		**(158,645)**	(510,147)
Cash at beginning of financial year		**188,541**	698,518
Effect of exchange rates on cash holdings in foreign currencies		**44**	170
Cash at end of financial year	**9**	**29,940**	188,541

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements are presented in Australian dollars unless otherwise stated.

The financial statements were authorised for issue on 30 September 2019 by the directors of Energy Technologies Limited.

Energy Technologies Limited is a listed public company, incorporated and domiciled in Australia.

(b) Statement of compliance

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) 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 $5,357,429, 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 $1,018,524 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 $1,121,023 (2018: net current liabilities of $8,484,307). The consolidated entity had a cash balance of $29,940 at 30 June 2019.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business including the presumption that sufficient funds will be available to finance the operations of the Group.

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 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. Whilst the matters above give rise to an uncertainty that may cast doubt upon the consolidated entity's ability to continue as a going concern, 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 Financial Statements

for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Energy Technologies Limited (EGY) at the end of the reporting period. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is included in Note 12 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in the subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statements showing profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie. transactions with owners in their capacity as owners).

(e) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

Where measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in the profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase. A gain from a bargain purchase is accounted for in the income statement at the acquisition date.

(f) Foreign currencies

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars (A$), which is the parent entity's functional currency.

Foreign currency transactions are translated into functional currency at the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are retranslated at the year-end exchange rate. Non-monetary items measured at fair value are reported at the exchange rate as at the date when fair value was determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

(f) Foreign currencies (Cont'd)

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

(i) Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates for the period; and

(iii) Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

The functional currencies of the overseas subsidiaries are:

D Power International Limited – Hong Kong Dollars

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(g) Property, plant and equipment

Each class of Plant and equipment is stated at cost or fair value as indicated, less accumulated depreciation and any impairment in value.

Increases in the carrying amount arising on revaluation of plant and equipment are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Depreciation is calculated on both a straight-line and diminishing value basis over the estimated useful life of the asset as follows:

Buildings & Leasehold Improvements	10% to 25%
Plant and equipment	5% to 25%
Leased plant & Equipment	10% to 25%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the revaluation surplus or in the income statement, as set out above.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

(h) Intangibles

Intangible assets

Intangible assets acquired separately are capitalised at cost as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of Patents, Computer Software and Licenses are assessed and amortised over their useful lives and amortisation charged is taken to the income statement. Patents and licenses are amortised over 10 years and Computer Software over 4 years.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles, at each reporting date, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when it is probable that future benefits will exceed deferred costs and these benefits can be reliably measured. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the costs over an estimated useful life of 20 years during which the related benefits are expected to be realised.

Development expenditure is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Capitalised development expenditure is measured at cost less any accumulated amortisation and impairment losses.

(i) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

(j) Inventories

Manufacturing

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials — valued on a weighted average cost;
- Finished goods and work-in-progress — cost of raw materials and standard cost of labour and a proportion of manufacturing overheads based on estimated machine man minute. Standard cost approximates actual cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

(k) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(l) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it is recognised against the asset released to profit or loss over the expected useful life of the related asset as a reduced depreciation charge.

(m) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks.

(n) Investments in Associates

At the date of this report there are no investments in associates.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

(o) Financial Instruments

Policies applied from 1 July 2018

Recognition and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

• amortised cost
• fair value through profit or loss (FVTPL)
• fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI. The classification is determined by both:

• the entity's business model for managing the financial asset
• the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade & other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL) except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Policies applicable for comparative accounting period

Notes to the Financial Statements
for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Forward exchange contracts (derivatives) are measured subsequently at Fair Value through profit and loss.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying consolidated benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(r) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

(s) Revenue recognition

Policies applied from 1 July 2018

Revenue is recognised using the 5-step process:

1 Identifying the contract with a customer

2 Identifying the performance obligations

3 Determining the transaction price

4 Allocating the transaction price to the performance obligations

5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of Service

Revenue is recognised as services are provided over time.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Policies applied for comparative accounting period

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

Revenue is recognised only when services are completed.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(t) Income tax

The income tax expense for the year comprises current income tax expense/(income) and deferred tax expense/(income). Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except for deferred tax liability on revaluation of plant and equipment not recognised due to the existence of unrecognised tax losses available for offset.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(u) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

(v) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(w) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(x) Fair Value

The Group subsequently measures some of its assets at fair value on a recurring basis. Fair value is the price the Group would receive to sell an asset in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (ie the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies (Cont'd)

(y) Critical Accounting Estimates and Judgments

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

Key Estimates

i) Impairment

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

ii) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturer's warranties (for plant and equipment), lease terms (for leased equipment), long term sales projections and customer requirements (for intangible assets) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

iii) Revaluation of plant and equipment – refer to Note 13.

Key Judgements

i) Going Concern: Refer to details in Note 1(c)

ii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

(z) New and Revised Accounting Standards

Refer to Note 30.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 2 Revenue and Other Income

	Note	Consolidated 2019 $	2018 $
(a) Revenue			
Goods transferred at a point in time		**12,592,484**	15,270,586
Services transferred over time		**69,727**	194,031
		12,662,211	15,464,617
(b) Other Income			
Management Fee		**16,488**	16,488
R&D grant		**201,949**	316,065
Finance revenue		**567**	70
Gain on debt settlement	**17(a)**	**5,357,429**	-
Gain on sale of fixed assets		**28,000**	529
Other income		**-**	264
Total Other Revenue and Other Income		**5,604,433**	333,416
		18,266,644	15,798,033

Note 3 Profit/(Loss) for the Year

Included in the determination of net loss before tax from continuing operations are the following expenses:

	2019	2018
Expenses		
Cost of sales	**10,019,392**	11,798,617
Finance costs	**911,379**	1,573,268
Rental expense on operating leases:		
- minimum lease payments	**1,001,707**	933,847
Foreign Exchange Losses	**31,953**	2,641
Defined superannuation contributions expense	**238,342**	256,506
Research and Development expenditure	**464,938**	726,585
Depreciation and amortisation expenses	**454,307**	370,099

Notes to the Financial Statements
for the year ended 30 June 2019

Note 4 Income Tax (Benefit)/Expense

	Consolidated	
	2019	2018
	$	$
(a) The components of Income tax (benefit)/expense comprise:		
Current tax	-	-
Deferred tax	**(89,423)**	10,116
	(89,423)	10,116
(b) Reconciliation of the prima facie tax on profit/(loss) to income tax expense:		
Prima facie tax on profit/(loss) before income tax at 27.5% (2018: 27.5%)	**357,933**	(857,225)
Add: Tax effect of:		
- other non-allowable items	**37,092**	48,906
- R&D expenses non-allowable	**127,858**	199,811
- other assessable items	**8,936**	5,364
- tax losses*	**628,930**	690,062
- deferred income tax	**-**	10,116
	802,816	954,259
Less: Tax effect of:		
- deferred income tax	**89,423**	-
- R&D grant non assessable	**55,536**	86,918
- utilsed tax losses	**1,097,513**	-
- other non assessable item	**7,700**	-
	1,250,172	86,918
Income tax (benefit)/expense	**(89,423)**	10,116

*Current year tax losses unable to be offset within the group and not brought to account.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 5 Key Management Personnel Compensation

Compensation of Key Management Personnel

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019 and the comparative year.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	Consolidated	
	2019	2018
	$	$
Short-term employee benefits	**909,021**	735,647
Post-employment benefits	**55,529**	43,524
	964,550	779,171

Short–term employee benefits

These amounts include fees and benefits paid to the executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current year's estimated cost of providing for superannuation contributions made during the year and post-employment life insurance benefits.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

Note 6 Auditors' Remuneration

	2019	2018
	$	$
Remuneration of the auditor of the parent entity:		
(a) Grant Thornton Audit Pty Ltd		
Audit Services		
Audit and review of financial reports	**99,598**	-
Non-audit Services		
Other services	**-**	-
Total remuneration of Grant Thornton Audit Pty Ltd	**99,598**	-

Notes to the Financial Statements
for the year ended 30 June 2019

Note 6 Auditors' Remuneration (Cont'd)

	Consolidated 2019 $	Consolidated 2018 $
(b) Nexia Sydney Audit & Assurance		
Audit Services		
Audit and review of financial reports	**28,278**	60,228
Non-audit Services		
Other services	**-**	1,350
Total remuneration of Nexia Sydney Audit & Assurance	**28,278**	61,578
Total remuneration of the auditor of the parent entity	**127,876**	61,678
Remuneration of other auditors of subsidiaries for:		
Audit and review of financial reports	**-**	8,579
Tax compliance services	**1,073**	3,176
	1,073	11,755

Note 7 Dividends

No dividends have been paid or proposed by the Parent for the year ended 30 June 2019 (2018: Nil).

Note 8 Earnings per Share

	Note	$	$
(a) Reconciliation of earnings to profit or loss:			
Profit (loss)		**1,390,998**	(3,127,301)
Loss/(Profit) attributable to non-controlling interest		**12,559**	17,375
Earnings used to calculate basic and dilutive EPS		**1,403,557**	(3,109,926)
		Number	Number
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		**32,299,031**	3,313,317
Weighted average number of dilutive options outstanding	**(c)**	**-**	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS		**32,299,031**	3,313,317

(c) During the 2019 financial year no ordinary share options were issued to employees under an approved Share Option Plan.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 9 Cash and Cash Equivalents

	Consolidated	
	2019	2018
	$	$
Cash at bank and on hand	**29,940**	188,541
	29,940	188,541

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	**29,940**	188,541
	29,940	188,541

Note 10 Trade and Other Receivables

	Note		
		$	$
CURRENT			
Trade receivables	**(a)**	**2,771,947**	1,937,588
R & D grant receivable		**948,604**	1,148,210
Government grant receivable		**1,075,143**	-
Other receivables		**452,359**	100,099
		5,248,053	3,185,897

(a) Trade debtors are based on normal terms of trade, typically 30 days from end of month. Retention of title terms exist on sales.

Note 11 Inventories

At cost		
Raw materials and stores	**612,204**	588,325
Work in progress	**345,159**	165,214
Finished goods	**2,522,355**	3,801,817
	3,479,718	4,555,356

Notes to the Financial Statements
for the year ended 30 June 2019

Note 12 Controlled Entitles

Controlled Entitles Consolidated	Country of Incorporation	Percentage Owned (%)*	
Parent Entity:		**2019**	2018
Energy Technologies Limited	Australia		
Subsidiaries of Energy Technologies Limited :			
Bambach Wires & Cables Pty Limited	Australia	**100**	100
Cogenic Pty Limited	Australia	**100**	100
Dulhunty Engineering Limited (previously D Power International Limited)	British Virgin Islands	**51**	51
Dulhunty Engineering Limited (Hong Kong Branch)	Hong Kong	**51**	51

***** Percentage of voting power is in proportion to ownership

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13 Property, Plant and Equipment

	Consolidated 2019 $	2018 $
Leasehold Improvements		
Leasehold Improvements at independent valuation	**624,936**	27,800
Less: Accumulated depreciation	**-**	(11,120)
Total Leasehold Improvements	**624,936**	16,680
Plant and Equipment		
Plant and equipment at independent valuation	**9,986,582**	2,452,713
Less: Accumulated depreciation	**(41,760)**	(793,333)
	9,944,822	1,659,380
Leased Plant and Equipment		
Capitalised leased assets – at cost (which approximates fair value)	**1,517,931**	1,462,848
Less: Accumulated depreciation	**(319,406)**	(229,112)
	1,198,525	1,233,736
Total Plant and Equipment	**11,143,347**	2,893,116
Total Property, Plant and Equipment	**11,768,283**	2,909,796

Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold Improvements $	Plant and Equipment $	Leased Plant and Equipment $	Total $
Consolidated Entity:				
Carrying amount at the beginning of the year	16,680	1,659,381	1,233,735	**2,909,796**
Additions	611,036	4,189,935	55,083	**4,856,054**
Depreciation expense	(2,780)	(218,050)	(90,293)	**(311,123)**
Offset RJIP Government Grant	-	(2,525,143)	-	**(2,525,143)**
Revaluation for fair value	-	6,838,699	-	**6,838,699**
Carrying amount at the end of the year	624,936	9,944,822	1,198,525	**11,768,283**

Notes to the Financial Statements
for the year ended 30 June 2019

Note 13 Property, Plant and Equipment (Cont'd)

Revaluation of Plant and Equipment to Fair Value

In accordance with the measurement choice available under AASB 116 Property, Plant & Equipment and in order to reflect fair value, subsidiary Bambach Wires and Cables Pty Ltd (BWC) has obtained an independent valuation of existing plant and equipment as at 30 June 2019. The valuation reports were completed under the following bases of value:

Fair Value as defined in AASB13 (FV)

The fair value of BWC Plant and Equipment and Leasehold Improvements under FV was $10,566,743 at 30 June 2019. The Board adopted this value, which resulted in an increase in net plant and equipment value of $6,838,699 in BWC at 30 June 2019. The revaluation amount was recognised in the Asset Revaluation Reserve. A deferred tax liability of $1,299,215 at 30 June 2019 (2018: $140,598) in respect of the revaluation, has been set off against tax losses available to offset any liability arising upon a disposal of plant and equipment. Refer Note 18(d). EGY has no plans to dispose of its plant and equipment.

The Group initially recognises and measures its Plant and Equipment and Leasehold Improvements at cost. The Group subsequently measures its plant and equipment and its leasehold improvements at fair value on a recurring basis in accordance with AASB 116: *Property, Plant and Equipment.* Refer Notes 1(g) and 1(x).

Fair Value Measurement

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into, as follows:

- Level 1: Measurements based on quoted prices in active markets for identical assets that the entity can access at the measurement date.
- Level 2: Measurements based on inputs other than the quoted prices included in Level 1, but that are observable for the asset, either directly or indirectly.
- Level 3: Measurements based on unobservable inputs for the asset or liability.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 13 Property, Plant and Equipment (Cont'd)

EGY's management considers that the inputs used for the fair value measurement are Level 1, Level 2 and Level 3 inputs.

Valuation techniques

AASB 13 requires the valuation technique used to be consistent with one of the following valuation approaches:

- Market approach: techniques that use prices and other information generated by market transactions for identical of similar assets.
- Income approach: techniques that convert future cash flows or income and expenses into a single discounted present value.
- Cost approach: techniques that reflect the current replacement cost of an asset at its current service capacity.

EGY commissioned an external independent valuer to conduct a valuation of its unencumbered plant and equipment and leasehold improvements at 30 June 2019 using a market approach technique. The technique predominantly used recent observable market data for similar new equipment, adjusted for loss in value caused by physical deterioration, functional obsolescence and economic obsolescence. EGY's management considers that the market approach is the appropriate valuation technique in relation to its plant and equipment and leasehold improvements.

Inputs used in the market approach technique to measure Level 1, Level 2 and Level 3 fair values were:

- current replacement cost of the property being appraised less the loss in value caused by physical deterioration, functional obsolescence and economic obsolescence;
- historical cost and relevant market data and industry expertise; and
- sales comparison for assets where available.

The assessments of the physical condition, functional obsolescence and economic obsolescence are considered Level 3 inputs.

EGY management has determined that the fair value of the plant and equipment as at 30 June 2019 does not differ materially from its carrying value.

Recurring fair value measurements:

	2019 **$**	2018 $
Plant and equipment	**11,143,347**	2,893,116
Leasehold improvements	**624,936**	16,680
Total non-financial assets recognised at fair value	**11,768,283**	2,909,796

The highest and best use of the assets is the fair market value in continued use, using the market approach technique.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 14 Intangible Assets

	Consolidated	
	2019	2018
	$	$
Computer software at cost	**47,651**	15,161
Accumulated amortisation	**(15,161)**	(15,161)
Net carrying value	**32,490**	-
Intellectual Property at cost	**508,526**	2,525
Accumulated amortisation	**(2,359)**	(2,106)
Net carrying value	**506,167**	419
Development Assets	**3,828,420**	2,858,628
Accumulated amortisation	**(283,651)**	(140,721)
Net carrying value	**3,544,769**	2,717,907
Total intangible assets	**4,083,426**	2,718,326

Movements in Carrying Amounts

Movements in carrying amounts for each group of Intangible Assets between the beginning and the end of the current financial year:

	Software	**Development Assets**	**Intellectual Property**	**Total**
Consolidated Entity:				
Carrying amount at the beginning of the year	-	2,717,907	419	**2,718,326**
Additions	32,490	1,716,449	506,000	**2,254,939**
R&D Grant receivable	-	(746,655)	-	**(746,655)**
Amortisation expense	-	(142,932)	(252)	**(143,184)**
Carrying amount at the end of the year	32,490	3,544,769	506,167	**4,083,426**

Intangible assets have finite useful lives. The current amortisation charges in respect of intangible assets are included under depreciation and amortisation expense.

The recoverable amount of intangible development assets has been reviewed to confirm to management that no impairment indicators exist as at 30/6/2019, and that the 5% amortisation applied and consistent is applicable. Testing was undertaken using information sourced both externally and internally and with a view to reaching a conclusion which satisfies AASB 136.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 15 Other Assets

	Consolidated	
	2019 **$**	2018 $
CURRENT		
Prepayments	**212,380**	247,311
	212,380	247,311
NON-CURRENT		
Other receivables	**126,173**	108,037
Deposits	**82,851**	82,851
	209,024	190,888

Note 16 Trade and Other Payables

CURRENT		
Unsecured liabilities:		
Trade payables	**2,917,440**	1,967,296
Sundry payables and accrued expenses	**1,669,974**	3,910,265
	4,587,414	5,877,561

Trade payables are based on normal terms of trade, typically 60 days from end of month.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 17 Financial Liabilities

	Note	Consolidated 2019 $	2018 $
CURRENT			
Secured liabilities:			
Debenture Notes	(a)	-	6,816,000
Less: transaction costs		-	(189,714)
		-	6,626,286
Finance facility	(e)	1,895,032	-
		1,895,032	-
Hire Purchase and finance lease liability	(d)	428,877	342,679
Convertible Notes	(a) (b) (c)	25,000	100,000
		2,348,909	7,068,965
Unsecured liabilities:			
Directors and executive loans	28	89,561	2,050,000
Other loans		-	1,002,566
		89,561	3,052,566
Total Current Financial Liabilities		2,438,470	10,121,531
NON CURRENT			
Secured liabilities:			
Hire Purchase and finance lease liability	(d)	129,662	306,404
Convertible Notes	(a) (c)	-	2,700,000
		129,662	3,006,404
Unsecured liabilities			
Convertible Notes	(a) (c)	-	1,270,000
		-	1,270,000
Total Non-Current Financial Liabilities		129,662	4,276,404
Total Financial Liabilities		2,568,132	14,397,935

Total current and non-current secured liabilities:

	2019 $	2018 $
Finance facility	1,895,032	-
Hire Purchase and finance lease liability	558,539	649,083
Convertible Notes	25,000	2,800,000
Debenture Notes	-	6,626,286
	2,478,571	10,075,369

Notes to the Financial Statements
for the year ended 30 June 2019

Note 17 Financial Liabilities (Cont'd)

(a) Shares have been issued to Debenture, Convertible Note and loan holders in 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.

Debentures, Convertible Notes and accrued interest thereon totalling $13,104,890 in EGY were converted to 4,571,346,731 ordinary shares in EGY at a price of $0.002 per share. This resulted in a gain on conversion in EGY of $3,962,197.

Unsecured loans and accrued interest thereon totalling $2,996,790 in subsidiary Bambach Wires and Cables Pty Ltd were converted to 800,778,578 ordinary shares in EGY at a price of $0.002 per share. This resulted in a gain on conversion in EGY of $1,395,232.

(b) During the financial year the group repaid $411,389 (2018: $297,705) of both long and short term interest bearing debt.

(c) Secured convertible notes totalling $25,000 (FY2018: $100,000) remain outstanding as at 30 June 2019. As per Note 17a) above, secured convertible notes totalling $2,700,000 and unsecured convertible notes totalling $1,270,000 and interest accrued thereon were extinguished during FY2019. Interest accrued on the convertible notes as at 30 June 2019 is $18,393 (FY2018: $15,747).

(d) Hire purchase and finance lease liabilities are secured by the underlying financed assets

(e) During the year subsidiary Bambach Wires and Cables Pty Ltd entered into a secured finance facility with a limit of $3,000,000 drawn down to amount $1,895,032 as at 30 June 2019. Interest is charged on the facility at rate of 2.65% above base rate, currently 5.72%.

Note 18 Tax

	Note	Consolidated 2019 $	Consolidated 2018 $
(a) Deferred Tax Assets			
Deferred tax assets comprise:			
Provisions	18(b)(ii)	**266,656**	177,233
		266,656	177,233
(b) Reconciliations			
(i) Gross Movements			
The overall movement in the deferred tax account is as follows:			
Opening balance		**177,233**	187,349
Credit/(Charge) to the income statement	4	**89,423**	(10,116)
Closing balance		**266,656**	177,233

Notes to the Financial Statements
for the year ended 30 June 2019

Note 18 Tax (Cont'd)

	Consolidated	
	2019	2018
	$	$
(ii) Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	**177,233**	187,349
Credited/(Charged)to the income statement	**89,423**	(10,116)
Closing Balance	**266,656**	177,233
Total Deferred Tax Assets	**266,656**	177,233

(c) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(t) occur are:

Temporary differences	**80,196**	52,558
Tax losses: capital losses	**1,256,950**	1,256,950
Tax losses: operating losses	**4,580,958**	5,056,449
Less potential tax loss benefits offset against deferred tax liability - refer (d)	**(1,299,215)**	(140,598)
Tax losses: operating losses net of offsets*	**3,281,743**	4,915,851

(d) Deferred tax liability is offset against unrecognised tax losses:

Revaluation of plant and equipment, and leasehold improvements	**1,299,215**	140,598
Less: Offset of unrecognised tax loss benefit	**(1,299,215)**	(140,598)
Net deferred tax liability	**-**	-

*Tax Losses of $3,281,743 have not been brought to account as it is unlikely that these losses will be utilised in the near future.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19 Provisions

	Consolidated	
	2019	2018
	$	$
CURRENT		
Employee Entitlements		
Opening balance at beginning of year	**662,320**	675,288
Additional provisions raised during year	**160,864**	(12,968)
Balance at end of the year	**823,184**	662,320
NON CURRENT		
Employee Entitlements		
Opening balance at beginning of year	**118,675**	105,998
Additional provisions raised during year	**77,374**	12,677
Balance at end of the year	**196,049**	118,675
Analysis of Total provisions		
Current	**823,184**	662,320
Non-current	**196,049**	118,675
	1,019,233	780,955

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave and annual leave not expected to be settled within twelve months, the probability of that leave being taken is based on managements estimates considering amongst other items, historical data. The measurement and recognition criteria relating to employee benefits have been disclosed in Note 1(w) to the financial statements.

Note 20 Issued Capital

	Consolidated	
	2019	2018
	$	$
Number of Ordinary shares fully paid 85,486,742 (2018: 348,245,332):	**25,279,229**	9,496,447
	25,279,229	9,496,447

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20 Issued Capital (Cont'd)

			Consolidated	
			2019	2018
Ordinary Shares	**2019 Number**	2018 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 $0.01		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.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 21 Reserves

	Consolidated	
	2019	2018
	$	$
Exchange differences arising on translation of foreign controlled subsidiaries	**(1,986,160)**	(1,982,843)
Asset Revaluation	**7,769,808**	931,109
	5,783,648	(1,051,734)

Notes to the Financial Statements
for the year ended 30 June 2019

Note 22 Parent Entity Disclosures

(a) Financial Position

	2019	2018
	$	$
CURRENT ASSETS		
Cash and cash equivalents	**8,843**	678
Trade and other receivables	**13,095,281**	6,012,803
Other Current Assets	**75,409**	60,664
TOTAL CURRENT ASSETS	**13,179,533**	6,074,145
NON CURRENT ASSETS		
Trade and other receivables	**126,174**	-
Financial Assets	**-**	479,773
Property, plant and equipment	**3,015**	2,790
Intangible assets	**13,167**	420
TOTAL NON CURRENT ASSETS	**142,356**	482,983
TOTAL ASSETS	**13,321,889**	6,557,128
CURRENT LIABILITIES		
Trade and other payables	**545,431**	2,162,789
Financial liabilities	**75,000**	7,158,857
Short-term provisions	**193,465**	139,666
TOTAL CURRENT LIABILITIES	**813,896**	9,461,312
NON CURRENT LIABILITIES		
Financial liabilities	**-**	3,970,000
Other non-current liabilities	**21,432**	8,959
TOTAL NON CURRENT LIABILITIES	**21,432**	3,978,959
TOTAL LIABILITIES	**835,328**	13,440,271
NET ASSET/ (LIABILITIES)	**12,486,561**	(6,883,143)
EQUITY		
Issued capital	**25,279,229**	9,496,447
Accumulated Losses	**(12,792,668)**	(16,379,590)
TOTAL EQUITY/ (DEFICIENCY)	**12,486,561**	(6,883,143)

Notes to the Financial Statements
for the year ended 30 June 2019

Note 22 Parent Entity Disclosures (Cont'd)

(b) Financial Performance

	2019 $	2018 $
Gain/(Loss) for the year	**3,586,922**	(3,130,735)
Other comprehensive income	**-**	-
Total Comprehensive Income/(Loss)	**3,586,922**	(3,130,735)

(c) Parent entity result includes impairment of investment in controlled entities of $479,773 (2018: $1,185,145)

(d) The parent entity has co-guaranteed a finance facility with subsidiary Bambach Wires and Cables Pty Ltd to a maximum drawdown limit of $3m (Guarantees FY2018: $Nil).

(e) Contingent Liabilities of the Parent Entity – Refer to Note 24.

(f) Commitments for the acquisition of Property, Plant and Equipment by the parent entity $Nil (2018 $Nil)

Note 23 Capital and Leasing Commitments

	Consolidated	
	2019	2018
	$	$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
not later than 12 months	**1,401,340**	885,788
between 12 months and 5 years	**2,118,413**	1,098,504
5 or more years	**1,807,905**	-
	5,327,658	1,984,292
(b) Hire Purchase and Finance Lease Commitments		
— not later than 12 months	**469,810**	396,280
— between 12 months and 5 years	**129,662**	346,068
Payable — minimum lease payments	**599,472**	742,888
Less future finance charges	**40,933**	93,805
Present value of minimum lease payments (Note 17)	**558,539**	649,083

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23 Capital and Leasing Commitments (Cont'd)

(c) Capital Expenditure Commitments

Deposits have been paid totalling $38,276 for new equipment quoted at total cost $127,586.

Note 24 Contingent Liabilities

(a) John Fielding Limited

Previous financial statements of the company have noted a contingent liability to John Fielding Limited for services carried out prior to 30 June 1995 in regards to amendments to income tax returns. However in accordance with the contract no fee is payable until a cash benefit is received by the Company. At this stage no cash benefit has been received by the Company. The maximum liability is $130,241.

(b) Lease Guarantee

The parent entity (EGY) has guaranteed the obligations of the formerly associated entity, Dulhunty Poles Pty Limited (DPPL), as tenant under the terms of a lease over premises Lot 1, 35-39 Buckley Grove, Moolap, Victoria. The lease is for a period of ten years, with rent payments commencing 1st August 2010. Rent is subject to fixed annual review and the total rental per the lease agreement for the tenth and final year excluding outgoings is $365,335. DPPL was entitled to rental incentive rebates over the first three years of the lease. We do not anticipate any liability to be incurred in relation to the guarantee.

Note 25 Segment Reporting

Primary reporting - Business segments

The group's primary business segment is Specialist and Industrial Cables. Therefore the segment details are fully reflected in the results and balances reported in the Statement of Profit and Loss and Statement of Financial Position.

Management currently identifies the Group's as one operating segment being Specialist and Industrial Cables. This segment is the only segment monitored by the Group's chief operating decision makers and strategic decisions are made on the basis of this segment result only.

Segment accounting policies

Inter-segment pricing is determined on an arms-length basis and is eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one period.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 26 Cash Flow Information

	Note	Consolidated 2019 $	2018 $
(a) Reconciliation of Cash Flow from Operations with Net Profit/(Loss) after Income Tax			
Net profit/(loss) after income tax		**1,390,998**	(3,127,301)
Non-cash flows in profit/(loss)			
Depreciation of non-current assets		**311,123**	280,956
Amortisation of intangibles		**143,184**	89,143
Unrealised foreign exchange movements		**(1,055)**	744
Hire Purchase Interest Charges		**76,916**	60,198
Amortisation of debenture transaction costs		**189,714**	87,651
Net gain on disposal of property, plant and equipment		**(28,000)**	(529)
Gain on debt forgiveness		**(5,357,429)**	-
Non-Operating Cash Flow Cash Items			
Shares issued in lieu of director fees		**-**	217,376
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		**(240,358)**	663,194
(Increase)/decrease in inventories		**1,263,519**	101,831
Increase/(decrease) in trade payables and accruals		**1,067,254**	815,255
(Increase)/decrease in deferred tax asset		**(89,423)**	10,116
(Increase) /decrease in value of other current assets		**34,931**	(14,326)
(Increase) /decrease in value of other non current receivables		**(18,136)**	(8,951)
Increase/(decrease) in provisions for employee entitlements		**238,238**	(291)
Cash flow (outflows) from operations		**(1,018,524)**	(824,934)

(b) Credit Facilities

The Group has in place hire purchase and finance lease facilities. At balance date $558,539 (2018: $649,083) of these facilities have been utilised.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 26 Cash Flow Information (Cont'd)

(c) Reconciliation of liabilities arising from financing activities

				Non-cash changes			
		30/06/2018	Cash flows	Transaction Costs	Foreign exchange movement	Loans converted to shares	30/06/2019
	Note	$	$	$	$		$
Debenture Notes	17	6,816,000	-	-	-	(6,816,000)	**-**
Less Transaction Cost	17	(189,714)	-	189,714	-	-	**-**
		6,626,286	-	189,714	-	(6,816,000)	**-**
Convertible Notes	17	4,070,000	(75,000)	-	-	(3,970,000)	**25,000**
Directors and executive loans	17	2,050,000	89,561	-	-	(2,050,000)	**89,561**
Other loans	17	1,002,566	-	-	5,623	(1,008,189)	**-**
Finance Facility	17	-	1,895,032	-	-	-	**1,895,032**
HP and finance lease	17	649,083	(167,460)	76,916	-	-	**558,539**
Total		14,397,935	1,742,133	266,630	5,623	(13,844,189)	**2,568,132**

Note 27 Events After the Reporting Period

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 Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Note 28 Related Party Transactions

No loans were made, guaranteed or secured by any entity in the consolidated entity to any group of key management personnel during the financial year.

Loans by Directors to the company

Included in the unsecured Convertible Notes which were converted to shares during the year, refer Note 17, were 550 Convertible Notes issued to Directors and related parties of directors, Philip W. Dulhunty, Gary A Ferguson and Alfred J. Chown, who invested $550,000. The Notes, together with $125,377 of interest accrued thereon, were converted to ordinary shares at a discount to face value. During the 2019 financial year, a total of $14,556 (2018: $57,750) was accrued as interest on these loans from directors or their related parties.

Included in the secured Convertible Notes which were converted to shares during the year, refer Note 17, were 250 Convertible Notes issued to Directors and related parties of directors, Philip W. Dulhunty and Gary A Ferguson, who invested $250,000. The Notes, together with $100,590 of interest accrued thereon, were converted to ordinary shares at a discount to face value. During the 2019 financial year, a total of $6,616 (2018: $26,278) was accrued as interest on these loans from directors or their related parties.

During the 2019 financial year Director Alfred J. Chown made a further loan of $50,000 to the company. This loan is unsecured and repayable on demand.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 28 Related Party Transactions (Cont'd)

Loans by Directors to subsidiary company

Unsecured loans of $1,800,000 made by Directors and related parties of directors, Yulin Hu and Alfred J. Chown to subsidiary Bambach Wires and Cables Pty Ltd were converted to shares during the year, refer Note 17. The loans, together with $161,655 of interest accrued thereon, were converted to ordinary shares at a discount to face value. During the 2019 financial year, a total of $12,603 (2018: $91,051) was accrued as interest on these loans from directors or their related parties.

A further unsecured loan of $250,000 made by a related party of director Yulin Hu to subsidiary Bambach Wires and Cables Pty Ltd was converted to shares during the year, refer Note 17. The loan, together with $7,192 of interest accrued thereon, was converted to ordinary shares. During the 2019 financial year, a total of $6,301 (2018: $891) was accrued as interest on this loan from directors or their related parties.

During the 2019 financial year Director Alfred J. Chown made a further loan of $39,561 to subsidiary Bambach Wires and Cables Pty Ltd. This loan is unsecured and repayable on demand.

Dulhunty Poles Pty Ltd (DPPL)

Lease Guarantee

Refer Note 24 Contingent Liabilities. EGY has guaranteed the lease obligation of DPPL, a formerly associated company of the Company.

Other Receivable

Refer Note 15 Other receivables non-current amount owing by DPPL $126,173 (FY 2018 $108,037). This is unsecured and management consider it to be recoverable.

Other transactions with the company or its controlled entities and director related entities

A number of specified directors and specified executives, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the company or its subsidiaries in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arms-length basis.

Details of these transactions are as follows:

Mr Alfred J. Chown is a director of NLP International Limited. A subsidiary company, Dulhunty Engineering Limited (DEL), formerly D Power International Limited, during the period employed the services of NLP International Limited as consultants. The consideration paid for these services was $12,000 (2018: $12,000) and is included in directors' emoluments.

An entity related to director Gary A Ferguson has entered into commercial hire purchase transactions with subsidiary Bambach Wires and Cables Pty Ltd. These transactions are secured by equipment. Interest rates vary between 9.25% and 12.5% per annum.

An entity related to director Alfred J. Chown has entered into commercial hire purchase transactions with subsidiary Bambach Wires and Cables Pty Ltd. These transactions are secured by equipment. Interest rates vary between 4.9% and 10.0% per annum.

The transactions above are on normal commercial terms and conditions.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 29 Financial Risk Management Disclosures

(a) Capital Risk Management

Energy Technologies Limited (EGY) manages its capital to ensure that entities in the EGY Group will be able to continue as a going concern while maximising the potential return to stakeholders through the optimum balance of debt and equity. This strategy remains unchanged from FY2018.

The capital structure of the EGY Group consists of cash and cash equivalents, debt and equity attributable to equity holders of the EGY parent and to its operating subsidiary.

The EGY Group operates internationally through its subsidiary company DPIL based in Hong Kong. The EGY Group senior management monitors all externally imposed capital requirements in each jurisdiction to ensure compliance.

Operating cash flows are used to maintain and expand the Group manufacturing and distribution asset base as well as to meet routine outflows including tax and the repayment of maturing debt. The EGY Group Board and senior management consider the costs of capital and monitor the gearing ratio as a proportion of net debt to equity.

The gearing ratio at year end was as follows:

	Consolidated	
	2019	2018
	$	$
Current and Non Current Financial liabilities		
Debt (i)	**2,568,132**	14,397,935
Cash and cash equivalents	**(29,940)**	(188,541)
Net Debt	**2,538,192**	14,209,394
Equity (ii)	**17,122,701**	(6,883,143)

(i) Debt is defined as long-term and short-term borrowings.

(ii) Equity includes all capital and reserves and minority interest.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 29 Financial Risk Management Disclosures (Cont'd)

(b) Financial Risk Management

In common with other businesses the EGY Group is exposed to risks that arise from the use of financial instruments. This note describes the objectives, policies and processes for managing those risks and the methods used to measure them. The EGY Group's financial instruments consist mainly of facilities with banks, convertible notes, debentures, short term loans, hire purchase, accounts receivable and payable, loans to and from subsidiaries, leases and derivatives. There have been no substantive changes in the EGY Group level of exposure to financial instrument risks or the objectives and processes for managing those risks from previous periods unless otherwise stated in this note.

(i) Financial Risk Management Objectives

The Board of Directors has overall responsibility for the determination of the EGY Group financial risk management framework and, whilst retaining ultimate responsibility for them, it has delegated authority for the design and implementation of operating processes ensuring effective risk management to the EGY Group's corporate treasury and finance function, which provides services to the business including negotiation and co-ordination of finance facilities, and the monitoring and management of the financial risks as they relate to the operations of the Group. The Board receives regular reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the set objectives to control risk.

Overall the risk management strategy seeks to assist the Group in meeting its financial targets as well as minimizing the potential adverse effects on financial performance. The main exposures to financial instrument risk experienced by the EGY Group are credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The EGY Group does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

(ii) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a loss to the EGY Group. This arises principally from the Group's trade receivables. For the EGY Group this risk has been determined as low.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of a former associate (Refer 24(b) for details).

The Group has a general policy of only dealing with creditworthy counterparties. As well, a credit check system is also in place and credit checks are obtained from a reputable external source for selected new and overseas customers. Overseas customers' trade terms include use of documentary credit bank facilities in customer locations deemed at risk, as well as collateral payment. There are no material amounts of collateral held as security at 30 June 2019.

(iii) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management vests with the EGY Board of Directors and the main subsidiary Board of Directors, who apply an appropriate liquidity risk management framework to the Group's short, medium and long term funding requirements. The EGY Group manages liquidity risk by the retention of adequate reserves, banking facilities and reserve borrowing facilities and by monitoring forecast and actual cash flows, which are updated regularly by the treasury and finance function, and matching the maturity profiles of financial assets and liabilities.

(iv) Liquidity and interest rate tables

The following table details the EGY Group contractual maturity for non-derivative financial assets and liabilities and are based on undiscounted cash flows of financial assets and liabilities on the earliest date on which repayment can be required.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 29 Financial Risk Management Disclosures (Cont'd)

	Effective Weighted Average Interest Rate - %		Floating Interest Rate $		Fixed Rate Within One Year $		Fixed Rate Over 1-5 Years $		Non-interest Bearing $		Total $	
CONSOLIDATED ENTITY	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Financial Assets:												
Cash and cash equivalents	**1.00**	1.50	**29,940**	188,541	**-**	-	**-**	-	**-**	-	**29,940**	188,541
Receivables	**-**	-	**-**	-	**-**	-	**-**	-	**5,248,053**	3,185,897	**5,248,053**	3,185,897
Total Financial Assets			**29,940**	188,541	**-**	-	**-**	-	**5,248,053**	3,185,897	**5,277,993**	3,374,438
Financial Liabilities:												
Trade payables			**-**	-	**-**	-	**-**	-	**2,917,440**	1,967,296	**2,917,440**	1,967,296
Sundry payables			**-**	-	**-**	-	**-**	-	**1,669,974**	3,910,265	**1,669,974**	3,910,265
Finance facility	**8.37**	-	**1,895,032**	-	**-**	-	**-**	-	**-**	-	**1,895,032**	-
Hire purchase liability	**8.63**	9.54	**-**	-	**428,877**	342,679	**129,662**	306,404	**-**	-	**558,539**	649,083
Loans from directors and executives	**-**	10.00	**-**	-	**89,561**	2,050,000	**-**	-	**-**	-	**89,561**	2,050,000
Other Loans	**-**	10.00	**-**	-	**-**	702,566	**-**	-	**-**	300,000	**-**	1,002,566
Convertible notes	**9.50**	9.50	**25,000**	4,070,000	**-**	-	**-**	-	**-**	-	**25,000**	4,070,000
Debenture notes	**-**	12.00	**-**	-	**-**	6,626,286	**-**	-	**-**	-	**-**	6,626,286
Total Financial Liabilities			**1,920,032**	4,070,000	**518,438**	9,721,531	**129,662**	306,404	**4,587,414**	6,177,561	**7,155,546**	20,275,496
Net financial assets (liabilities)			**(1,890,092)**	(3,881,459)	**(518,438)**	(9,721,531)	**(129,662)**	(306,404)	**660,639**	(2,991,664)	**(1,877,553)**	(16,901,058)

Notes to the Financial Statements

for the year ended 30 June 2019

Note 29 Financial Risk Management Disclosures (Cont'd)

(b) Financial Risk Management (Cont'd)

(v) Maturity analysis

Trade and other payables are expected to be paid within a period of 6 months from year end for the consolidated entity for 2019 and 2018.

(vi) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the EGY Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk within acceptable parameters, while achieving optimum return.

(vii) Foreign currency risk management

The EGY Group is exposed to currency risk on investments that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar (AUD) and Hong Kong Dollar (HKD). The Group's investments in, and loans to, its subsidiaries are not hedged as these positions are considered to be long term in nature.

The carrying amount of the EGY Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		**Assets**	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
US Dollars	**1**	223	**1**	1
Euros	**36**	1	**-**	-
Hong Kong Dollars	**9**	1	**-**	-
Swiss Francs	**-**	-	**-**	1
Total	**46**	225	**1**	2

(viii) Forward exchange contracts

The EGY Group policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency, cash already denominated in that currency will, where possible, be used from within the Group.

The Group's primary operating exposure is where trade receivables and payables are not denominated in their functional currency. The overall treasury function is based in Australia where the primary banking facilities are maintained. The Group also enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates, with the objective of protecting the Group against unfavourable exchange rate movements for contracted sales and purchases in foreign currencies, primarily US Dollars.

At 30 June 2019 and 2018 there were no outstanding forward exchange contracts.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 29 Financial Risk Management Disclosures (Cont'd)

(b) Financial Risk Management (Cont'd)

(ix) Foreign currency sensitivity analysis

The following table details the EGY Group's sensitivity to a 10% increase or decrease in the Australian Dollar against relevant foreign currencies. This sensitivity represents management's assessment of the reasonable possible change in foreign currency rates. Its analysis includes cash assets plus outstanding foreign currency denominated trade receivables and payables and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit where the Australian dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency, there would be an equal and opposite impact on the profit.

	Consolidated	
Profit or Loss/Equity	**2019**	2018
	$'000	$'000
US Dollars	**-**	(24)
Euros	**(4)**	(1)
Hong Kong Dollars	**(1)**	(1)
Total	**(5)**	(26)

(x) Interest Rate Risk Management

The EGY Group is exposed to interest rate risk on cash and cash equivalents, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The EGY Group does not use derivatives to mitigate these exposures.

The EGY Group's fixed rate financial instruments represent short term borrowings, at fixed rates maturing over periods less than one year and long term borrowings at fixed rates maturing over periods of between 1 to 5 years. The Group's variable rate financial securities consist of bank accounts and convertible notes managed in Australia.

(xi) Interest rate sensitivity analysis

The following analysis indicates the effect of a 2% or 200 basis point increase or decrease in nominal interest rates, based on exposures in existence at the reporting date, and holding all other variables constant. This represents management's assessment of the reasonably possible change in interest rates as at that date.

	Consolidated	
	2019	2018
	$'000	$'000
Change in Net Profit:		
Interest rise by 2% (200 basis points)	**(51)**	(276)
Interest cut by 2% (200 basis points)	**51**	276
Change in Equity:		
Interest rise by 2% (200 basis points)	**(51)**	(276)
Interest cut by 2% (200 basis points)	**51**	276

Notes to the Financial Statements

for the year ended 30 June 2019

Note 29 Financial Risk Management Disclosures (Cont'd)

(b) Financial Risk Management (Cont'd)

(xii) Fair value of financial instruments

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Year Ended 30 June 2019				Year Ended 30 June 2018			
	Quoted Market Price (Level 1)	**Valuation technique – market observable inputs (Level 2)**	**Valuation technique – non market observable inputs (Level 3)**	**Total**	Quoted Market Price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	Total
	$	$	$	$	$	$	$	$
Financial Liabilities								
Derivative instruments								
• Convertible note conversion feature	**-**	**-**	**-**	**-**	-	-	-	-
	-	**-**	**-**	**-**	-	-	-	-

Quoted market price represents the fair value determined based on quoted prices in active markets as at the reporting date without any deduction for transaction costs.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps, forward commodity contracts and foreign exchange contracts not traded on a recognised exchange.

The fair values of other financial assets and liabilities approximates their carrying values at balance date.

Transfer between categories

There were no transfers between Level 1 and Level 2 during the year.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 30 New and Amended Accounting Standards and Interpretations

(i) New and amended accounting standards and interpretations adopted by the Group

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

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

The following Accounting Standards and Interpretations adopted during the year are most relevant to the group:

AASB 9 Financial Instruments

The group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

The group has adopted Accounting Standards AASB 9 and AASB 15 for the year ended 30 June 2019. The Accounting Standards were adopted from 1 July 2018 using transitional rules that allow for comparatives not be restated. The adoption of AASB 9 and AASB 15 did not result in any change to the opening net assets or the opening retained earnings as at 1 July 2018.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 30 New and Amended Accounting Standards and Interpretations (Cont'd)

(ii) New accounting standards and interpretations not yet adopted by the Group (Cont'd)

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2019. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The impact of adoption of this standard as at 1 July 2019, using the modified retrospective approach, will result in the recognition of a right-of-use asset of approximately $4,060,742 and recognition of lease liability amounting to $4,312,535. The Group intends to adopt the new standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2019 and that comparatives will not be restated.

New Conceptual Framework for Financial Reporting

A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the group has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the group may need to revisit such policies. The group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Notes to the Financial Statements
for the year ended 30 June 2019

Note 31 Correction of prior period error

During the year it was identified that the accounting for capitalised development assets and the associated R&D tax incentive was incorrect in prior years. Under AASB 120: Accounting for Governments Grants and Disclosure of Government Assistance, government grants related to assets should be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Previously management recognised the R&D tax incentive in other income. This has now been amended to deduct from the carrying amount of the asset in accordance with AASB 120. At the same time, certain development assets that had previously not been capitalised, have now been capitalised in accordance with AASB 138: Intangible Assets.

There was no net impact on the Consolidated Income Statement or the Consolidated Statement of Financial Position, but this error has been rectified by restating each of the affected financial statement line items for prior periods as follows:

Consolidated Statement of Financial Position (extract)	30 June 2018 Previous amount $	 Adjustment $	 Restated amount $
Intangible assets	2,718,326	-	2,718,326

Note 14 Intangible assets	Previous amount $	30 June 2018 Adjustment $	Restated amount $
Balance at the beginning of the year	1,726,636	-	1,726,636
Additions	1,080,833	832,145	1,912,978
Amortisation	(89,143)	-	(89,143)
R&D concession rebate	-	(832,145)	(832,145)
Balance at the end of the year	**2,718,326**	**-**	**2,718,326**

Consolidated Income Statement (extract)	Previous amount $	30 June 2018 Adjustment $	Restated amount $
Sales revenue	15,270,586	-	15,270,586
Cost of sales	(12,630,762)	832,145	(11,798,617)
Gross margin	2,639,824	832,145	3,471,969
Other revenue and other income	1,165,561	(832,145)	333,416
Loss before income tax	**(3,117,185)**	**-**	**(3,117,185)**

Directors' Declaration

The directors of Energy Technologies Limited declare that:

1. the financial statements and notes, as set out on pages 26 to 74, are in accordance with the Corporations Act 2001 and:
    (a) comply with Accounting Standards and the Corporations Regulations 2001;
    (b) comply with International Financial Reporting Standards as disclosed in Note 1; and
    (c) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the company and consolidated entity;

2. the Managing Director and Chief Financial Officer have each declared that:
    (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
    (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
    (c) the financial statements and notes for the financial year give a true and fair view;

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

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

Alfred J. Chown
Chairman/Managing Director

Sydney, 27 September 2019

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Independent Auditor's Report

To the Members of Energy Technologies Limited

Report on the audit of the financial report

Qualified Opinion

We have audited the financial report of Energy Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, except for the effects of the matter described below in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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Basis for qualified opinion

In the 30 June 2018 Independent Auditor's Report, the previous auditors included a qualification relating to inadequacies identified in the stocktake procedures performed by the Group, whereby quantities used in determining the inventory balance differed materially from the quantities verified by the previous auditors at their stock attendance and subsequent recounts. The previous auditors had estimated the potential impact of misstatements to be an additional write-down in inventory to a maximum of $510,000. Whilst we have obtained sufficient appropriate audit evidence in relation to inventory at 30 June 2019, we are not in a position to and do not express an opinion on the comparatives for 30 June 2018 or the opening balances as at 1 July 2018. As opening balances enter into the determination of financial performance and cash flows, we were unable to determine the effect of such adjustments, if any, as might have been determined to be necessary had this prior year inventory qualification not existed.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 1(c) in the financial statements, which indicates that the Group generated a net profit of $1,403,557, which included a gain on extinguishment of debt of $5,357,429, during the year ended 30 June 2019, and had negative cash flows from operations of $1,018,524. The Group had a cash balance of $29,940 at 30 June 2019. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of inventory (Notes 1(j) and 11)	
The Group has an inventory balance of $3,479,718 as at 30 June 2019, consisting of $612,204 in raw materials and stores, $345,159 in work in progress and $2,522,355 in finished goods. Inventories are carried at the lower of cost and net realisable value. Management's assessment is that, after writing off $870,064 during the year, a provision for obsolescence and slowing moving stock of $nil is required at 30 June 2019. This area is a key audit matter as a result of:	Our procedures included, amongst others: • Attending stocktakes at significant locations and conducting test counts of selected items, with counts agreed to final inventory listings; • For raw materials, testing on a sample basis the reasonableness of average costs by comparing to recent purchases; • For work in progress and finished goods, testing on a sample basis bills of materials back to key inputs, being raw materials, labour and manufacturing overheads;

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Key audit matter	How our audit addressed the key audit matter
• The prior year qualification in relation to the existence of inventory; • The inherent complexities in applying a standard cost of production/manufacturing to work in progress and finished goods; and • The level of management judgement involved in assessing the provision for obsolescence and slow moving stock.	• Assessing the net realisable value of inventories by testing on a sample basis and comparing to the estimated selling price; • Making enquiries of management regarding obsolete and slow moving inventory items; and • Assessing the adequacy of financial report disclosures.
Capitalised development costs (Notes 1(h), 14 and 31)	
Capitalised development assets had a net carrying value of $3,544,769 at 30 June 2019. During the year the Group capitalised $1,716,449 of development assets. These intangible assets are being amortised over a 20-year period, and an amortisation expense of $142,932 has been included in the consolidated income statement. AASB 138: *Intangible Assets* sets out the specific requirements to be met in order to capitalise development costs. Intangible assets should be amortised over their useful economic lives in accordance with AASB 138. This area is a key audit matter as a result of: • The subjectivity and management judgement applied in the assessment of whether costs meet the development phase criteria described in AASB 138 and in relation to the estimate of the assets' useful lives; and • The Group engaged an expert to assist in determining the level of capitalised costs.	Our procedures included, amongst others: • Assessing the Group's accounting policy in respect of capitalised development assets for adherence to AASB 138; • Evaluating the competence, capability and objectivity of the management's external expert and performing a detailed review of their reports to understand the scope of their engagement and any limitations in the report. In addition we held discussions with the external expert; • Evaluating management's assessment of each project for compliance with the recognition criteria set out in AASB 138; including discussing project plans with management and project leaders to develop an understanding of the nature and feasibility of key projects at 30 June 2019; • Testing a sample of costs capitalised by tracing to underlying support such as vendor invoices and payroll records in order to understand the nature of the item and whether the expenditure was attributable to the development of the related asset, and therefore whether capitalisation was in accordance with the recognition criteria of AASB 138; • Evaluating the reasonableness of useful lives to be applied in future reporting periods; and • Assessing the adequacy of financial report disclosures.
R&D tax incentive scheme (Notes 2, 14 and 31)	
The Group engaged in research and development activities during the year, and recognised R&D grant income of $201,949 in addition to recognising a $746,655 R&D tax incentive offset against the carrying value of intangible assets. This area is a key audit matter as a result of: • The subjectivity and management judgement applied in determining whether expenses are eligible for the R&D claim; • The incorrect treatment in the prior year of the accounting for the R&D grant; and • The Group engaged an expert to assist in determining the level of capitalised costs.	Our procedures included, amongst others: • Assessing the Group's accounting policy in respect of government grants for adherence to AASB 120: *Accounting for Government Grants and Disclosure of Government Assistance*; • Evaluating the competence, capability and objectivity of the management's external expert and performing a detailed review of their reports to understand the scope of their engagement and any limitations in the report. In addition we held discussions with them; • Testing a sample of R&D costs claimed by tracing to underlying support and assessing whether the costs were eligible expenditure under the R&D tax incentive framework; • Verifying the lodgement of the R&D claim, and agreeing amounts received from the ATO to the bank account subsequent to the year-end; and • Assessing the adequacy of financial report disclosures.

Key audit matter	How our audit addressed the key audit matter
Recapitalisation and associated transaction with Advance Cables (Note 13, 14, 17 and 20)	
Following the Extraordinary General Meeting held by the Company on 13 February 2019, a number of transactions took place: • Conversion of debt obligations, including debenture notes, convertible notes and director and executive loans into ordinary shares, resulting in a gain on settlement of $5,357,429; • Acquisition of plant and equipment, inventory, and intellectual property from Advance Cables; • Share consolidation of 1 ordinary share for every 100 ordinary share held; • Capital raising with 23,650,000 shares issued, raising $4,730,000; • Receipt of part of the $2,900,000 grant that the Group was awarded in the prior year under the Federal Government Regional Jobs and Investment Packages (RJIP) to assist in the development of a manufacturing facility in the Latrobe Valley VIC; and • Gain of $6,838,699 following the revaluation of property, plant and equipment. This area is a key audit matter as a result of: • The number of related transactions, the complex nature of the agreements and accounting entries; and • The Group engaged an expert to assist in determining the fair value of the property, plant and equipment.	Our procedures included, amongst others: • Obtaining management's calculation for the gain on settlement of debt, and agreeing the calculation to supporting documentation; • Reviewing the agreements relating to the acquisition of plant and equipment, inventory, and intellectual property from Advance Cables, and testing the accounting for appropriateness and compliance with accounting standards; • Agreeing equity transactions to supporting documentation; • Agreeing the cash received under the RJIP grant to the bank and assessing the appropriateness of presentation of the grant ensuring compliance with AASB 120: *Accounting for Government Grants and Disclosure of Government Assistance*; • Evaluating the competence, capability and objectivity of the management's external expert and performing a detailed review of their reports to understand the scope of their engagement and any limitations in the report. In addition we held discussions with the external expert; and • Assessing the adequacy of financial report disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 16 of the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Energy Technologies Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 27 September 2019

ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 30 August 2019.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

Ordinary shares

		Number of holders	Number of shares
1	- 1,000	657	84,808
1,001	- 5,000	69	167,102
5,001	- 10,000	23	169,098
10,001	- 100,000	87	3,791,486
100,001	and over	102	81,274,248
		938	85,486,742

The number of shareholders holding less than a marketable parcel of shares are:	680	115,931

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

No	Name	No. of shares	%
1	Advance Cables Pty Ltd	**10,782,839**	12.61
2	Alfred John Chown	**8,243,575**	9.64
3	Garsind Pty Ltd (Ruth Ross Superfund A/C)	**3,547,795**	4.15
4	Auster Holdings Pty Ltd	**3,476,058**	4.07
5	Edmunds Lacis	**3,226,951**	3.77
6	Howe Automotive Limited	**2,500,000**	2.92
7	Morrmac Pty Ltd (Mimie MacLaren Pension Account)	**2,392,529**	2.80
8	Louandi Super Fund Pty Ltd (Louandi Superfund A/C)	**2,248,889**	2.63
9	Rosalind Lawrence (Rosalind Lawrence PSF A/C)	**1,808,688**	2.12
10	Catwilly Pty Ltd (Harris Family Superfund A/C)	**1,696,764**	1.98
11	PP Legge Pty Ltd (P J Legge Superfund A/C)	**1,685,334**	1.97
12	Robert Hunter Taylor (No 2 A/C)	**1,661,972**	1.94
13	Morrissey Wealth Management Pty Ltd (Lonnie Investment A/C)	**1,470,346**	1.72
14	Glenbarry Pty Ltd (Thomas A Hutchins Family A/C)	**1,451,358**	1.70
15	Hjorth Holdings Pty Ltd (Hjorth Superfund A/C)	**1,436,834**	1.68
16	Min Huang	**1,254,662**	1.47
17	Andrew Charles Lawrence	**1,240,000**	1.45
18	G&C Veldkamp (Johnson & Veldkamp Superfund A/C)	**1,155,299**	1.35
19	G R& E E Kirkham (Geoffrey Kirkham Super Fund A/C)	**1,152,048**	1.35
20	M&M Driscoll Nominees Pty Ltd (The Driscoll Family A/C)	**1,025,774**	1.20
		53,457,715	62.52

ASX Additional Information (Cont'd)

(c) Substantial shareholders

The number of shares held by substantial shareholders are:

	Number of Shares
Advance Cables Pty Ltd	10,782.839
Alfred J. Chown	8,243,575

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Reconciliation of Appendix 4E to Final Financial Report

Between the release of the Appendix 4E and the finalisation of the financial report, the following adjustments were identified:

Reconciliation	Note	Profit/(Loss)	Total Comprehensive Income for the year	Non-Current Assets	Total Assets	Reserves
		$'000	$'000	$'000	$'000	$'000
Per unaudited Appendix 4E		1,404	7,813	15,917	24,887	5,374
Property Plant and Equipment valuation finalised	1	-	410	410	410	410
Revised Balances per financial report		1,404	8,223	16,327	25,297	5,784

Notes:

1. Subsequent to the release of the Appendix 4E, the valuation of the Property, Plant and Equipment has been finalised, which resulted in the above adjustments.