Appendix 4E

BLUGLASS LIMITED

ACN	Full Year Ended
116825793	**30 June 2020**
	Corresponding period was the twelve months ended 30 June 2019

Results for announcement to the market

RESULTS

		%		$A
Revenues from ordinary activities	Up	51.0	to	3,791,899
(Loss) from ordinary activities after tax attributable to members	Down	58.4	to	(5,994,113)
(Loss) for the period attributable to members	Down	58.4	to	(5,994,113)

EPS

Earnings per Security (cents per share)	30 Jun 2020	30 Jun 2019
Basic loss per share (cents per share)	(1.27) cents	(3.45) cents
Diluted loss per share (cents per share)	(1.27) cents	(3.45) cents

Net Tangible Asset Backing

	30 Jun 2020	30 Jun 2019
Per Ordinary Security (cents per share)	1.51 cents	2.78 cents

Dividend Payable

No dividends have been paid or declared during the period.

Dividend Re-investment Plan

There is no dividend re-investment plan in operation.

Control gained over entities having material effect

There is no control over any new entities	NIL

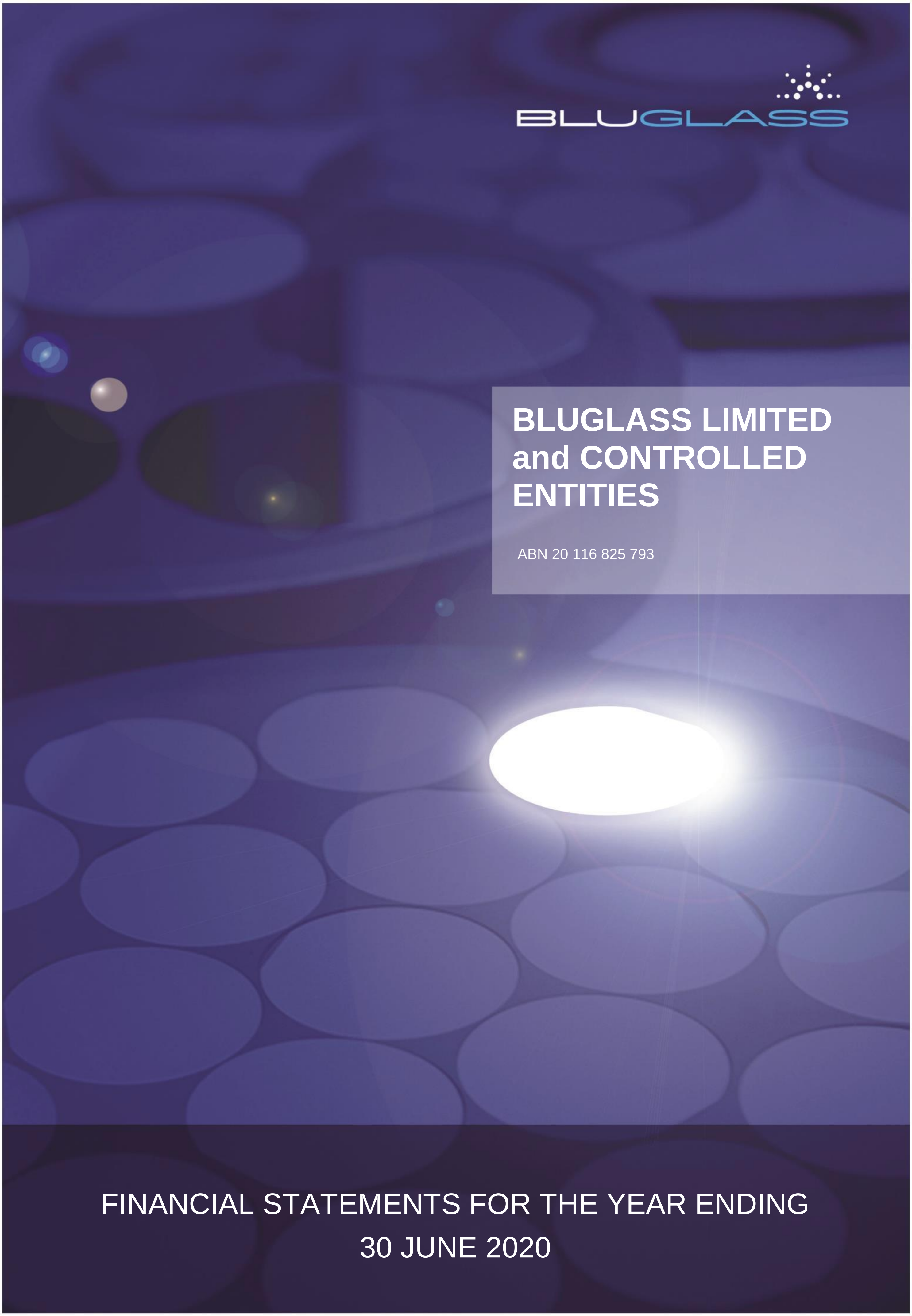
Loss of control of entities having material effect

Name of entity (or group of entities)	NIL

Details of associates and joint venture entities

Name of entity (or group of entities)	NIL

This report is based on the Full Year Financial Report which is audited. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the Full Year Financial Report and the 30 June 2020 Annual Financial Report. No matters have arisen which would result in a dispute or qualification.



BLUGLASS LIMITED and CONTROLLED ENTITIES

ABN 20 116 825 793

FINANCIAL STATEMENTS FOR THE YEAR ENDING

30 JUNE 2020

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DIRECTORS' REPORT

Your directors present their report on BluGlass Limited and its controlled entities ("the Group") for the financial year ended 30 June 2020.

DIRECTORS

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

Mr James Walker (Chair)
Mr Vivek Rao
Mr Giles Bourne
Mr Stephe Wilks
Mr William Johnson (Retired 8 February 2020)

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

PRINCIPAL ACTIVITIES

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

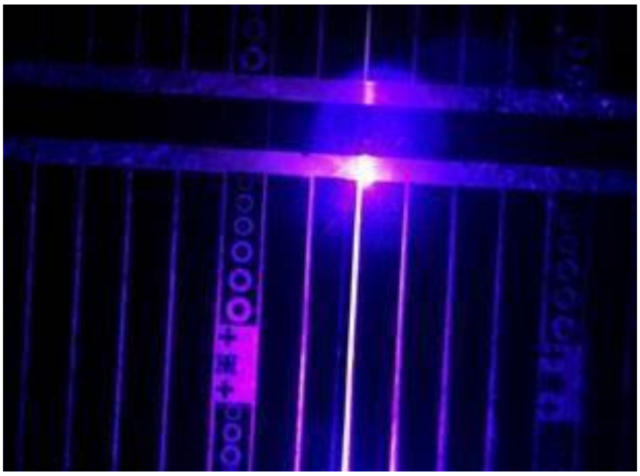
Traditionally, the Company has focused on commercialising our technology through IP development, licensing and capital equipment sales with global collaboration partners. This approach provides BluGlass access to significant global markets. This effort continues to advance with our strategic partners to ensure these large mid to long-term revenue opportunities are executed.

In October 2019, BluGlass launched a new direct-to-market business unit to produce laser diode devices capitalising on the advantages of the low temperature RPCVD technology. These devices target high value applications such as industrial welding, biotech and displays with the objective of capturing significant value in the near-term.

REVIEW OF OPERATIONS

Laser focus: During the 2020 financial year BluGlass launched a direct-to-market product strategy alongside its IP licensing and equipment retrofit business models. The Company has now completed a major refocus of business activities and established its laser diode business unit with testing and sales operations located on the east coast of the USA.

The laser diode business was established following strong interest from foundry customers and to exploit the significant technical development of BluGlass' unique tunnel junction technology, initially developed for cascade LEDs. The gallium nitride (GaN) Laser Diode market represents a high value, high margin opportunity for BluGlass. Coupled with RPCVD's unique performance advantages and potential for novel laser structures designed to significantly improve lasing performance, this direct-to-market approach is expected to provide near-term revenues and take the Company to profitability in the shortest timeframe.



In February, BluGlass presented a new laser diode paper at the 2020 SPIE Photonics West Conference, San Francisco, USA. The paper outlined the potential for RPCVD enabled novel laser structures to reduce optical loss and drive higher performance. The paper has received strong industry interest, including a feature article in Compound Semiconductor magazine.

This paper reinforced the work that we were doing on laser diodes. It also led to new opportunities to collaborate with several target laser customers to develop bespoke laser diodes across multiple market segments to help solve existing pain points in the industry. Applications include industrial, display and biotech applications. BluGlass' unique technology advantages have the potential to offer high power, differentiated laser diode products by using novel designs that leverage low temperature RPCVD and active as grown (AAG) p-GaN technologies. Current product development covers a range of wavelengths from violet and blue through to green wavelengths for various customer applications.

During the year BluGlass opened its laser diode test and sales facility in New Hampshire, USA and established a US subsidiary, 'BluGlass Inc'. The facility will be used to assess the quality and performance of BluGlass' laser diode products prior to shipping to customers. The new facility is already being used for R&D testing and product development and will ultimately enable automated testing of commercial volumes of the laser diode products. Brad Siskavich has been appointed as Executive VP of the laser diode business unit based in the New Hampshire office. He will be leading the design, supply chain, product testing and sales of the laser diode products. New technical staff have and will continue to be added to the US team.

The Company also continues to develop and strengthen our global supply chain by working with and qualifying multiple partners on the fabrication of laser diode devices. The Covid-19 pandemic has caused a degree of disruption to our supply chain partners and where possible we have put in place contingency plans to try and minimise the impact on our committed technical and commercial milestones. Our laser diode product development efforts remain on track to deliver test products to customers by the end of this calendar year, with customer revenues anticipated to commence early CY2021.

ECONOMIC SCENARIOS - BLUGLASS TARGET MARKET REVENUES

Target revenue is based on the timely achievement of technical milestones.

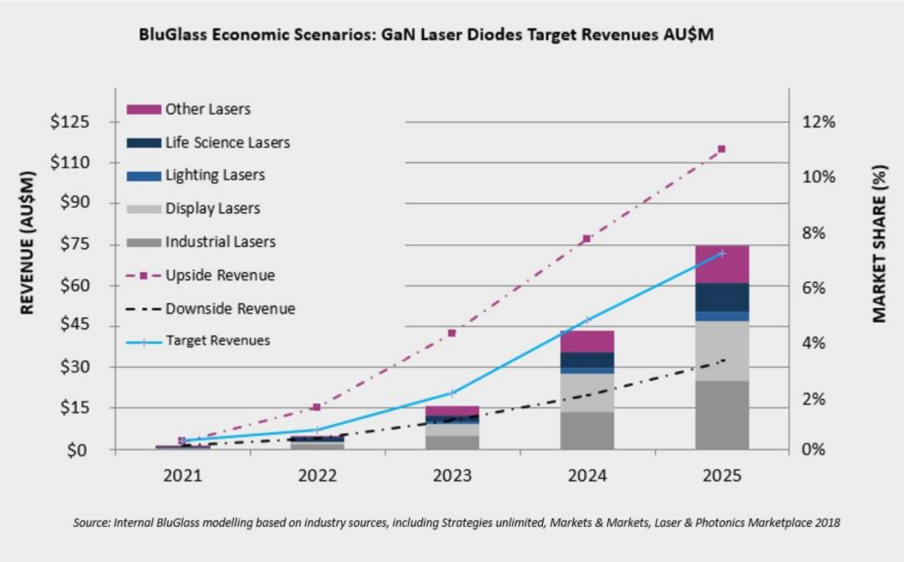
Upside revenue is based on the timely achievement of BluGlass' technical milestones and accelerated customer demand and market growth.

Downside revenue is based on a delay in the attainment of certain technical milestones that reduces the number of laser diode products for sale or slower customer demand and market growth.

Assumptions used in creating these scenarios:

BluGlass' economic scenarios rely on key technology (including RPCVD & tunnel junction performance), financing, supply chain and market penetration assumptions.

Any failure to achieve the assumed outcomes will have a material affect on the economic scenarios outlined here. In particular, BluGlass has not yet manufactured its initial laser diode product, and any target market revenues outlined should be considered speculative until proven.



The Laser Diode opportunity is significant for BluGlass:

Coming to scale: Alongside the establishment of the laser diode business, during the year BluGlass directed major effort to the commercial scaling of its unique RPCVD manufacturing platform and the commercial preparedness of the business. The financial year saw the successful commissioning of the largest RPCVD system to date - the commercial scale BLG-500; the doubling of the BluGlass manufacturing facility with the completion and opening of the Paul Dunnigan Laboratories; the achievement of our proof of concept milestone with an RPCVD tunnel junction enabled cascade LED; and the successful commissioning of the BLG-300II. All of this has significantly expanded our commercialisation prospects and laid the foundations for the laser diode and foundry businesses' commercial manufacturing and revenue expansion.

The year in review:

BLG-300II commissioning and BluGlass facility upgrade

A major facility upgrade and expansion was completed in July 2019 providing a significant increase to our development and manufacturing capacity. This also included the successful commissioning of the BLG-300II. The successful, upgraded BLG-300 modular design was installed on the 300II and has been contributing to our laser diode and cascade LED development roadmaps and customer collaborations. The upgraded plasma design also formed the foundations of the commercial scale BLG-500 design.

Advancing our collaborations with a number of industry leading partners

In September 2019, BluGlass entered a collaboration agreement with commercial lighting developer, Bridgelux. The two parties are collaborating to build on BluGlass' RPCVD tunnel junction technology, to develop cascade LEDs for commercial lighting applications and establish a path to market for cascade LEDs.

bridgelux®
Bridging Light and Life™

BluGlass entered into a non-exclusive collaboration with California-based LED innovator, Luminus, in December 2019. The two companies are co-developing cascade LEDs for the rapidly growing entertainment, display and projector application markets.

Luminus is eager to exploit the performance advantages of RPCVD tunnel junctions to further improve their unique projector lighting technologies. Projector applications require ultra-high-performance LEDs and could benefit from the smaller form factor, higher performance (intensity) and lower cost benefits that RPCVD-enabled cascade LEDs potentially offer. Projectors are also heat-sensitive devices, ideally operated at lower current densities to achieve peak efficiencies - a key benefit enabled by cascade LEDs.

Luminus is an industry leader in developing leading-edge LED technology for high performance, high value LED segments including industrial, medical, horticulture and entertainment applications. Luminus works with the automotive, display and projection industries most innovative companies to illuminate everything from heads-up displays to projection systems for the next generation of vehicles and consumer technologies.

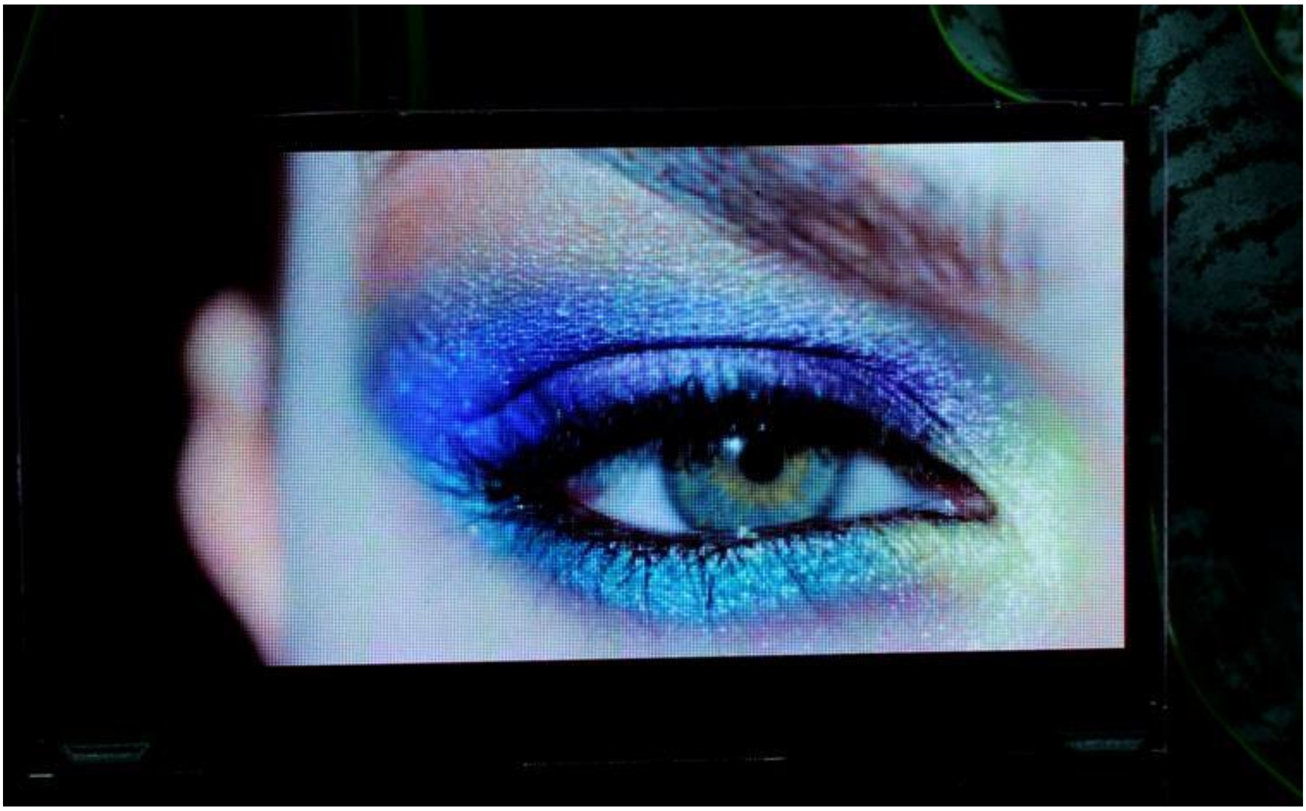


Image: **X-Display (formerly X-Celeprint) microLED display using BluGlass RPCVD**

During the year, our foundry customer X-Celeprint has successfully spun-off its microLED subsidiary, X-Display Company to commercialise its unique microLED technologies in the enormous microLED market. X-Display continues to use BluGlass' foundry services and leverages the advantages of RPCVD in its micro-LED display prototypes for mobile phones (pictured).

Technology Update

Commercial scale platform, the BLG-500 comes online

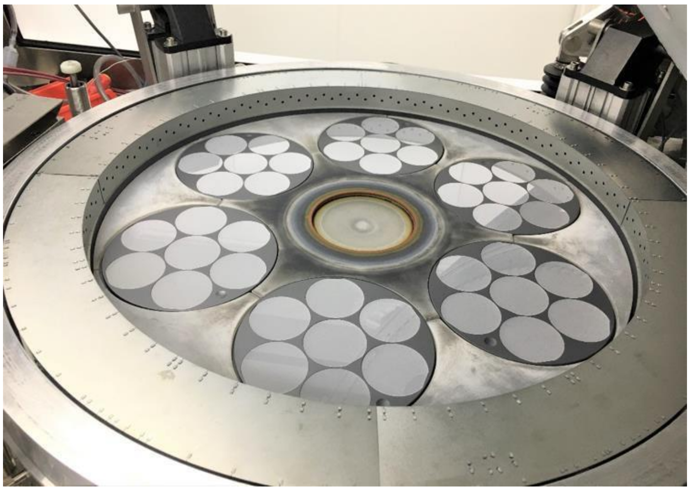
In an important technical milestone, BluGlass successfully commissioned the largest RPCVD manufacturing platform to date, the BLG-500.

The commercial scale system is capable of six x 6-inch wafer deposition or 42 x 2-inch wafers. It features a planetary deposition design, with dual axes of rotation to improve deposition uniformity of the thin film properties across revolving and rotating wafers. This scaling demonstration is a major milestone towards validating the commercial potential and uniformity of RPCVD.

The BLG-500 is a retrofitted AIXTRON 2800 G4 - a modern generation manufacturing platform, completed in collaboration with the platform's original manufacturer - global semiconductor leader, AIXTRON SE.

This scaling demonstration is critical to the future success of the Company – not only in the commercial application and industry validation of our RPCVD platform technology, in the exponential increase in BluGlass' foundry output capacity at our Silverwater facility and ultimately in the improved performance and uniformity specifications.

Performance testing and optimisation on the new system continues before the BLG-500 can start to contribute to the product development roadmap for laser diodes and LEDs.



BluGlass wins $250,000 grant to develop novel plasma sources
BluGlass was awarded a $250,000 Federal Government grant by the Advanced Manufacturing Growth Centre (AMGC) to develop a novel large-scale plasma source for the Company's 300 series deposition systems in July 2020.

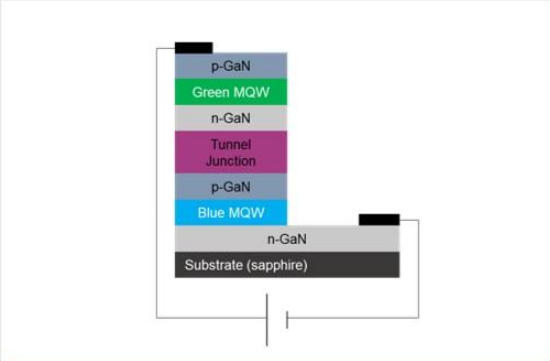
The new design will support scalability on virtually any MOCVD platform in the industry and be capable of hybrid (both metal organic chemical vapour deposition (MOCVD) and RPCVD growth) in a single deposition chamber, enabling the advantages of each growth technique for the first time in a single platform.

BluGlass is collaborating with several industry partners and organisations including the Space Plasma, Power and Propulsion (SP3) Laboratory at the Australian National University on plasma source design, simulation and testing; AKELA Laser on laser diodes device packaging and testing; and Objective 3D on metal 3D design, test and rapid prototyping of critical plasma source components for the successful delivery of the project.

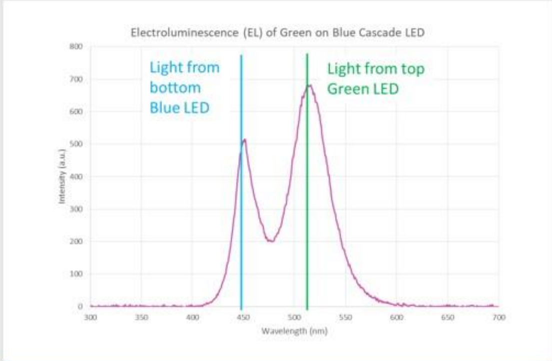
Cascade LED proof of concept: Green on blue 2 colour cascade LED using RPCVD tunnel junctions
In November 2019, BluGlass announced that it had achieved a critical proof of concept milestone, demonstrating a two colour cascade LED (green on blue), utilising BluGlass' unique 'Active-as-grown' (AAG) tunnel junction technology.

This exciting demonstration of RPCVD tunnel junction capabilities has significantly advanced our cascade LED collaborations with both Bridgelux and Luminus.

Cascade LEDs will continue to be an important technology development stream for the business in the long-term. However, in the short and medium term the majority of our technology development efforts are being directed to the laser diode and commercial scaling development projects.



2-colour cascade LED. Single device with two active regions, each emitting at different wavelength. Only the tunnel junction is grown with RPCVD.



BluGlass wafer level LED quick test of Green on Blue Cascade LED. The emission spectrum shows two peaks, one from the blue active region and one from the green active region – the signature of a cascade LED.

microLED progress

BluGlass continues to work with our customers and partners to advance its development on a range of microLED applications, including for red-green-blue (RGB) applications.

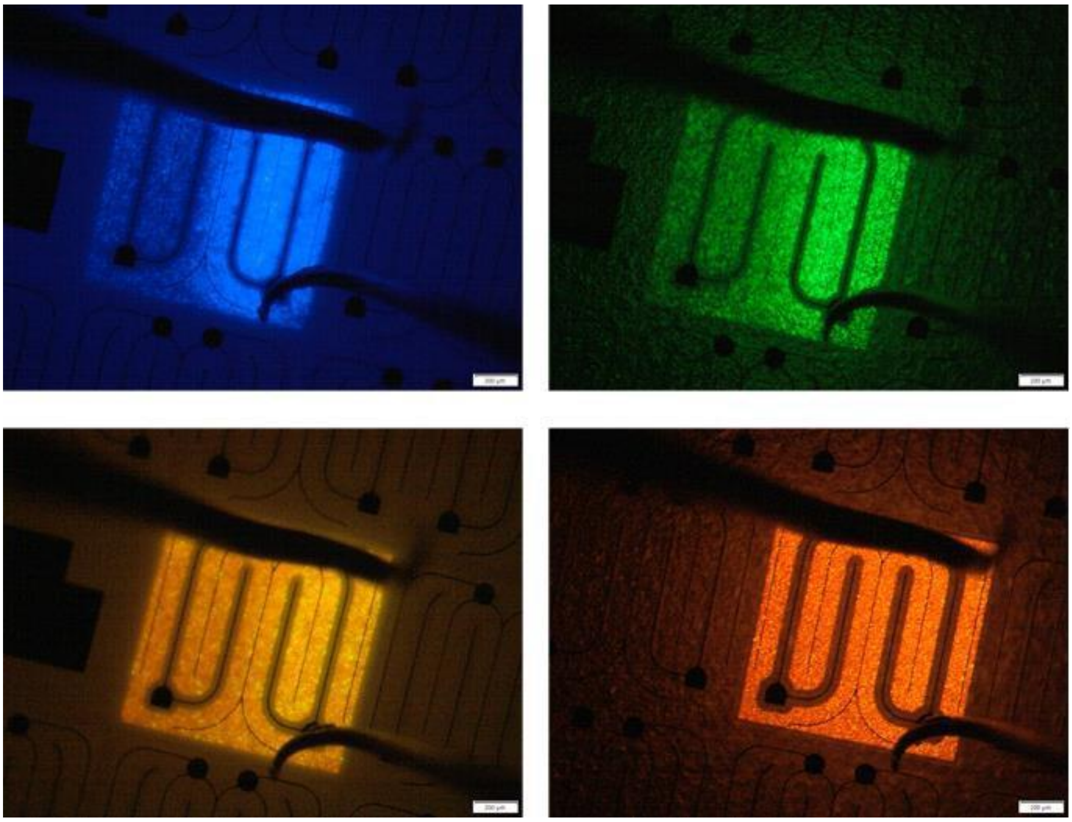


Image: **Recent demonstration of RPCVD grown RGB LEDs fabricated into devices**

During the year BluGlass demonstrated good progress in developing RPCVD grown red LEDs. Red is a long wavelength colour requiring significant indium incorporation in the critical light emitting layers to achieve the red colour. This is extremely difficult to do in GaN based LEDs (needed for RGB applications). RPCVD's low temperature process is demonstrating its potential as a solution to this industry challenge with its early red LED development.

Two of our microLED customers have now recommenced operations following their respective COVID shut-downs.

Board Changes

In February this year, following three years as Chair of the BluGlass Board and ten years as a Non-Executive Director, Bill Johnson announced his retirement.

James Walker was announced as his replacement and appointed as BluGlass Non-Executive Chair. James has served on the BluGlass Board since July 2017 and is an experienced leader in commercialising new technologies across global markets. James has taken on the role to help guide BluGlass through the commercial milestones and towards profitability. He has been a driving force in the establishment of the laser diode business and refocusing all business activities to near-term revenue streams.

Intellectual Property Update:

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

During the year the United States Patent and Trademark Office granted BluGlass US Patent ***10,355,165, Buried Activated p-(Al,In)*** GaN Layers for our breakthrough development in tunnel junctions. This patent is critical to the laser diode business unit and the commercialisation of our cascade LED collaborations and products. The RPCVD tunnel junction technology has potential applications in high-brightness LEDs, microLEDs, laser diodes, power-electronics, solar cells and other opto-electronic devices and this patent grant forms an important cornerstone of BluGlass' intellectual property portfolio.

BluGlass currently has 75 internationally granted patents with 16 applications across 8 patent families in key semiconductor markets, including the US, Europe, Japan and China.

Grants & Funding

During the year, BluGlass completed a successful capital raising of $5.8m (before costs) comprising a Rights Issue of $4.7M and a Shortfall Placement of $1.1M. These funds are being used to expedite the development of the Company's laser diode product pipeline to deliver customer products and growing revenues in early 2021.

In April, the Company entered an R&D loan facility with Radium Capital to advance a portion of BluGlass' FY2020 R&D Tax rebate. Following the successful rights issue, the R&D tax rebate loan was repaid in full, including interest for the period the loan was advanced.

Customer foundry revenue for the year was significantly lower than anticipated due to many of our European and US customers being impacted by shutdowns caused by COVID-19. Full year foundry and laser diode receipts totalled $656,000 which included $150,000 for laser diode services. Foundry orders are starting to pick up again with customers in both Europe and the US placing orders for delivery in Q1 2021.

BluGlass also expects to receive the full R&D tax rebate of approximately $2.5M in September 2020.

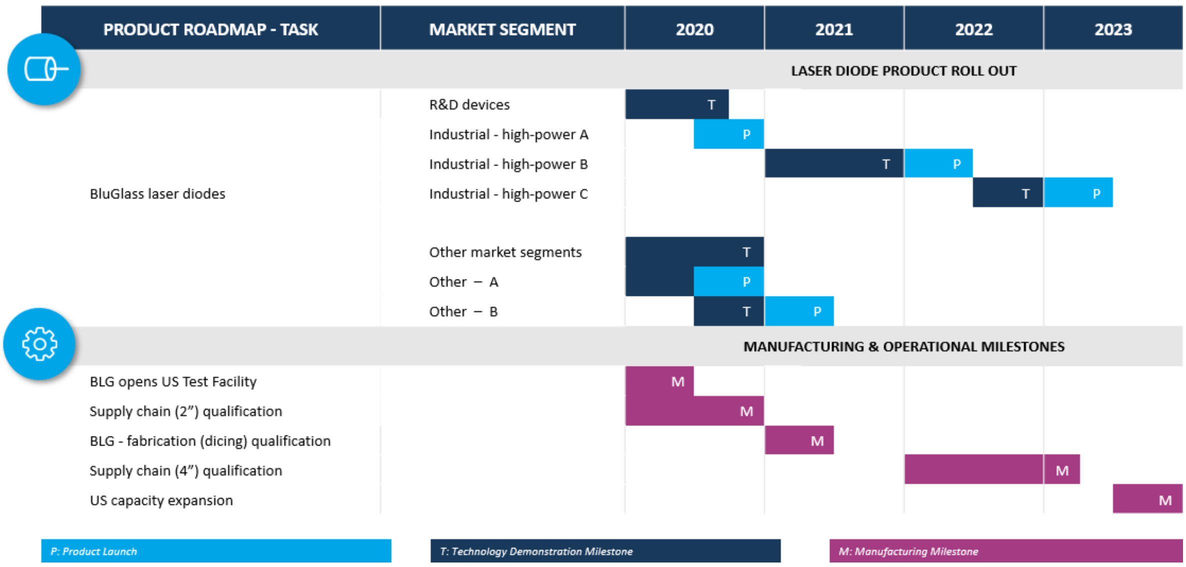
In July 2020, BluGlass won a $250,000 advanced manufacturing grant from the Federal Government's Advanced Manufacturing Growth Centre (AMGC) to develop a novel large-scale plasma source for the Company's 300 series deposition systems.

The Year Ahead:

As we head into the new financial year, there remains some industry uncertainty and customer impacts due to the ongoing global pandemic. BluGlass' immediate focus is on continuing to qualify its downstream supply chain for its laser diode business with multiple partners. This diversification will assist with reducing the risk in delivering the Company's technical milestones in both its laser diode and LED programs.

BluGlass' business priority remains on the delivery of customer products and growing near-term revenues across multiple market portfolios. Despite the delays experienced with suppliers and customers during CY20, the Company remains on track to deliver test products to customers at the end of CY20 and customer revenues in early CY21, in line with our published roadmap.

BLUGLASS LASER DIODE PRODUCT: SUPPLY ROADMAP & TIMETABLE



The BluGlass Board and Management look forward to keeping the market up-to-date on the progress and development of the Company in the half year ahead as we progress towards product delivery, growing our revenue opportunities with our laser diode business unit and continuing to bring our mid-long term revenue opportunities to bear in our traditional licensing and equipment commercialisation streams.

FINANCIAL SUMMARY

The consolidated loss for the period decreased by 58% to $5,994,113 (2019: $14,420,767).

The net assets of the consolidated entity increased by $749,905 to $12,393,478 (2019: $11,643,573).

Revenue and other income increased by $1,074,538 to $3,821,875. Material variations in revenue received are as follows:

- Revenue for the provision of foundry services to third parties of $655,830 (up 54%) was received for the year compared to $424,555 in the 2019 financial year.

- Revenue from the R&D tax rebate increased by $878,927 (up 42%) to $2,966,069 compared to $2,087,142 received in the 2019 financial year.

Gross expenditure decreased by $7,352,116, down 43% to $9,815,988 due to the following factors:

- The most significant reason for the major decrease in total gross expenditure was the impairment cost reported in the last financial year of $8,695,000 for the complete impairment of BluGlass' original IP. There was no IP impairment cost reported this financial year
- Share based payments costs increased by $563,145 to $1,237,286 (2019: $674,141) due to the full year expense of the rights issued in November 2018 and include staff and executives taking a portion of their salaries and fees in BluGlass equity in the final quarter of the 2020 financial year
- Depreciation expense increased by $893,863 up 503% to $1,071,697 (2019: $177,834) during the year due to the depreciation of the facility upgrade along with the depreciation of right of use assets that used to be presented as rent as per the new leasing standard (refer to Note 1)
- Research and development and consultant costs increased by $269,767 up 12% to $2,506,309 (2019: $2,236,542)

Net cash required for operations averaged $362,360 per month, (2019: $410,918). The decrease is mainly due to the increased receipt from the R&D tax rebate.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the developments reported elsewhere in this report, there were no significant changes in the state of affairs during the year.

DIVIDENDS PAID OR RECOMMENDED

No dividends were declared in 2020 or 2019.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The impact of the Coronavirus (COVID-19) pandemic is ongoing and included a degree of disruption to BluGlass' supply chain and its foundry customers. It is not practicable to estimate the potential impact, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There were no other reportable financial matters subsequent to the end of the Financial Year.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

BluGlass will position itself to take advantage of the growing laser diode, LED, microLEDs and power electronic markets to maximise shareholder return.

BluGlass will continue to validate the RPCVD technology as the Company works towards its industry acceptance goals to commercialise the technology.

These developments, together with the current strategy of continuous improvement and innovation are expected to assist in the achievement of the Group's long-term goals and development of its business opportunities.

ENVIRONMENTAL AND SAFETY ISSUES

The BluGlass RPCVD technology uses some materials classified under the Dangerous Goods Act. All materials and consumables are handled in compliance with relevant regulatory environmental, health and safety codes.

The Company has in place WHS procedures and a Safety Manager who reports weekly to the Managing Director on all safety and environmental related matters. BluGlass meets and exceeds all state and federal WHS statutory requirements.

There were no reportable incidents during the period. Reviews of site operations during the period have led to the implementation of new operational procedures. BluGlass has also recently adopted a cloud based WHS reporting and management system as part of its ongoing commitment to site safety.

INFORMATION ON DIRECTORS

MR. JAMES WALKER	**Non-Executive Chair** *B Comm, FCA, GAICD*
Special Responsibilities:	Remuneration and Nominations Committee member, Audit and Risk Committee member
Current Directorships	thedocyard Limited (ASX: TDY) - August 2019 – August 2020 Digital Wine Ventures Ltd (ASX: DW8) - September 2019 - present

Experience and Expertise:

James is an experienced leader in commercialising technology in new markets, with roles as a Non-Executive Chair, Director and Chief Executive of ASX-listed companies. He also has deep experience as a Chief Financial Officer for a UK, AIM-listed technology company as well as executive roles in other growth companies.

He is currently a non-executive chair and BluGlass (ASX: BLG) and a non-executive director at Digital Wine Ventures (ASX: DW8).

James has over 25 years' experience as a Chartered Accountant, company secretary and senior executive of various high growth private companies. James has successfully completed multiple ASX IPOs, corporate acquisition transactions, secondary round raises on both the ASX and UK AIM markets and private capital raises.

James thrives on scaling businesses, commercialising technology and building new global markets, with extensive experience across a wide range of international high growth businesses, including deal-tech, data-driven customer experience, sensor systems, mining technology services, automotive, aviation, biotechnology, hotel telemarketing, drone detection and security sectors.

James Walker has been a director of BluGlass for three years.

MR. GILES BOURNE	**Managing Director and Chief Executive Officer** *B.A. (Hons), MBA, FAICD*
Special Responsibilities:	BluGlass Chief Executive Officer

Experience and Expertise:

Giles is a senior executive with over 25 years of international business development experience gained in the clean-tech, technology and manufacturing sectors. He is a specialist in developing offshore business opportunities, securing inward expansion investment, setting up domestic and international partnerships, JV's and licensing deals for Australian corporations.

Giles' focus at BluGlass is to provide leadership as well as developing sales and marketing structures to support the commercialisation of BluGlass' RPCVD technology for laser diodes, LEDs, microLEDs, power electronics and other high efficiency opto-electronic devices. During his time at BluGlass, Giles has led the team to secure a strategic partnership with global semiconductor equipment company SPTS Technologies, secured more than $76.2 M in Government and Private Investment and supported the technology team to its proof of concept milestone. Giles has continued to develop international strategic partnerships in multiple nitride industry sectors as the path to the commercialisation of BluGlass' unique, patented RPCVD technology.

Giles Bourne has been a director of BluGlass for six years.

MR. STEPHE WILKS	**Non-Executive Director** *BSC, LLM*
Special Responsibilities:	Remuneration and Nominations Committee member, Audit and Risk Committee member
Current Directorships	Speedcast International Limited (ASX: SDA) August 2019 - present
Former Directorships in last 3 years:	Brainchip Holdings Limited (ASX: BRN) February 2019 - December 2019
	Datadot Technologies Limited (ASX: DDT) February 2016 - May 2019
	Dubber Holdings Limited (ASX: DUB) March 2017 - August 2017

Experience and Expertise:

Stephe Wilks is a professional company Director, with a long record leading successful global technology companies in high growth and disruptive industries. He has headed several Australian and international technology companies, including as Regional Director (Asia and Japan) Regulatory affairs for BT Asia Pacific, Managing Director of XYZed Pty Ltd (an Optus company) Chief Operating Officer of both Nextgen Networks and Personal Broadband Australia, and as Consulting Director of NM Rothschild and Sons.

Stephe was the Chair of Australia's largest private IT services company, Interactive, where he remains a non-executive director. His extensive finance, strategic management, M&A and public affairs add significant value to the BluGlass board.

Stephe Wilks has been a director of BluGlass for two years.

MR. VIVEK RAO	**Non-Executive Director** *BS-Electronics, MS-EE*
Special Responsibilities:	Remuneration and Nominations Committee member, Audit and Risk Committee member
Current Directorships	Revasum Limited (ASX: RVS) January 2018 - present

Experience and Expertise:

Vivek Rao is the President & Chief Operations Officer of SPT Microtechnologies (a Division of SPP Technologies). Vivek is a seasoned semiconductor professional with more than 25 years in the semiconductor capital equipment industry in various managerial and technical leadership roles and brings to the BluGlass board a strong understanding of BluGlass' target markets and customers, he joins the board as a Non-Executive Director.

Vivek Rao has been a director of BluGlass for four and a half years.

DR. WILLIAM JOHNSON (RETIRED 8 FEBRUARY 2020)	**Non-Executive Chair** *BS-Phy, MS-EE, PhD*
Special Responsibilities:	Remuneration and Nominations Committee member, Audit and Risk Committee member

Experience and Expertise:

William Johnson ("Bill"), is a seasoned CEO with extensive business development/M&A, technological leadership, and successful hands-on leadership roles in operations ranging from high technology start-ups to Fortune 500 high technology companies. He is the former President and Chief Executive Officer of SPP Process Technology Systems (SPTS), a manufacturer of capital equipment for the semiconductor and related industries.

Bill has held technical, marketing, and executive management positions with Ford Motor Co. Scientific Research Laboratories (1973-1978), Perkin-Elmer Corp. (1978-1986), Ulvac Corp. (1987-1991), Varian Associates (1992-1994), Intevac Inc. (1994-1996), Oryx Instruments and Materials Corp. (1996-1999). From 2003-2006, he was founder and managing director of Crane Ridge Associates, a firm providing consulting and M&A guidance to select high tech clientele; his association with Sumitomo Precision Products began in 2007, and he was the architect for the formation of SPTS through the acquisition of assets of Aviza Technology. Since then Bill was instrumental in leading the all equity based management buy-out of SPTS in mid-2011 which saw Bridgepoint, a leading European Private Equity company become a major owner in the company, and again with the sale of SPTS to Orobtech Limited in 2014.

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

Mr Emmanuel Correia

Emmanuel Correia is a Chartered Accountant and has extensive experience in the corporate finance and equity capital markets. Emmanuel is a co-founder of Peloton Capital and Peloton Advisory and has had over 25 years public market and corporate finance experience in Australia, North America and the United Kingdom. He has held various senior positions with Big 4 accounting firms and boutique corporate finance houses.

Emmanuel provides corporate advice to a diverse client base both in Australia and in overseas markets. Emmanuel has previously held a number of public company directorships and his key areas of expertise include Initial Public Offerings and secondary capital raisings, corporate strategy and structuring merger and acquisitions. Emmanuel is currently a non-executive director of Argent Resources Limited and Canyon Resources Limited.

REMUNERATION REPORT 2019-2020 (AUDITED)

INTRODUCTION

The Directors of BluGlass Limited present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2020. This Remuneration Report forms part of the Directors Report and is subject to audit by the external auditor in accordance with the Corporations Act 2001.

The Report details the nature and amount of remuneration for the Company's non-executive directors and the Company's Key Management Personnel. The Key Management Personnel are the key people accountable for directing the affairs of the Company and its controlled entities.

The people who currently hold Key Management Personnel positions are listed in the table below

NON-EXECUTIVE DIRECTORS		EXECUTIVES	
James Walker	Chair	Giles Bourne	Managing Director & CEO
Vivek Rao	Director	Ian Mann	Chief Operations & Technology Officer
Stephe Wilks	Director		
William Johnson (Retired 8 February 2020)	Chair		

During the period, the Remuneration and Nominations Committee comprised four independent directors, William Johnson, Vivek Rao (Committee chair), James Walker and Stephe Wilks. The Committee met once during the year before being absorbed into the full Board in February 2020.

REMUNERATION STRATEGY

The remuneration policy of BluGlass Limited has been designed to align shareholder objectives with the strategic business objectives of BluGlass. This is achieved by providing;

1. a competitive market related fixed remuneration component,
2. a small component of short-term incentives and
3. long-term incentives based on key performance areas affecting the consolidated entity's ability to commercialise its technology milestones when achieved

The remuneration policy, setting the terms and conditions for the directors and executives was developed by the remuneration committee and approved by the Board after seeking professional advice from independent external consultants.

The Board of BluGlass Limited aims for the remuneration strategy to attract and retain the appropriate executives and directors to run and manage the consolidated entity.

The ability to attract the best staff is achieved via ensuring all staff as well as executives and directors have access to a meaningful and rewarding long term incentive scheme currently in the form of an employee option scheme in association with an employee share trust that creates goal congruence between directors, executives and shareholders.

The Directors are currently reviewing the employee option plan so that it continues to maintain the alignment between directors, executives and shareholders.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determine payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No such advice has been obtained during the year.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the Company's employee option scheme.

The current remuneration of non-executive directors is:

Position	Remuneration $
Chair	100,000
Director	60,000
Committee Chair	5,000
Committee member	2,500

A non-executive director's remuneration thus comprises the base board fee, any applicable committee chair fee and the 9.5% superannuation levy contribution.

		SHORT TERM		POST EMPLOYMENT	LONG TERM INCENTIVES	TOTAL REMUNERATION	
		Board and Committee fees cash $	Fees withheld to convert to shares* $	Superann-uation $	Share Based Payments (performance rights) $	Total $	% of remuneration that is non-cash
Non-executive Directors							
James Walker	**2020**	**73,798**	**9,856**	**7,947**	**-**	**91,601**	**10.8**
	2019	67,500	-	6,412	17,552	91,464	19.2
Vivek Rao	**2020**	**56,103**	**8,897**	**6,175**	**-**	**71,175**	**12.5**
	2019	65,036	-	6,178	17,552	88,766	19.8
Stephe Wilks	**2020**	**55,820**	**8,555**	**6,116**	**-**	**70,491**	**12.1**
	2019	63,750	-	6,056	17,552	87,358	20.1
William Johnson (retired 8 February 2020)	**2020**	**55,416**	**-**	**-**	**-**	**55,416**	**-**
	2019	95,000	-	-	17,552	112,552	15.6
Total	**2020**	**241,137**	**27,308**	**20,238**	**-**	**288,683**	**-**
Total	2019	291,286	-	18,646	70,208	380,140	-

*As part of the Group's response to the COVID-19 pandemic, all directors were required to take 50% of their gross salary from 8 April 2020 until the end of the 2020 financial year at the rights issue price of $0.02 (subject to shareholder approval).

EXECUTIVE REMUNERATION

The Board's policy for determining the nature and amount of remuneration for executives of the consolidated entity is as follows.

All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, access to a limited short-term cash incentive scheme and to the longer-term incentive scheme via options. Short term incentives are only paid once predetermined annual key performance indicators have been met and are capped at 20% of base salary. Longer term incentives may be paid in the form of options or rights and are intended to align the interests of the key management personnel and company with those of shareholder. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

The board review executive packages annually by reference to the consolidated entity's performance, executive performance and comparable information from similar industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the achievement of specific BluGlass technology and commercial milestones being achieved and the efficient conduct of the Company's operations. All bonuses and incentives are linked to these predetermined performance criteria or milestones. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to reward executives for performance that will result in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements under the employee incentive scheme.

Executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to executives is valued at the cost to the Company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options issued during the year are valued at the closing share price at grant date less the exercise price where appropriate.

EXECUTIVE TOTAL REMUNERATION

		SHORT TERM		POST EMPLOYMENT	LONG TERM INCENTIVES	TOTAL REMUNERATION	% OF REMUNERATION
		Cash Salary	Salary withheld to convert to shares*	Superannuation	Share Based Payments Performance rights	Total	Share based
Executives		$	$	$	$	$	%
Giles Bourne	**2020**	**294,083**	**30,717**	**25,000**	**-**	**349,800**	8.8
	2019	326,453	-	23,347	228,538	578,338	39.5
Ian Mann	**2020**	**259,408**	**27,375**	**24,966**	**-**	**311,749**	8.8
	2019	290,944	-	20,806	219,016	530,766	41.3
Total	**2020**	**553,491**	**58,092**	**49,966**	**-**	**661,549**	
Total	2019	617,397	-	44,153	447,554	1,109,104	

*As part of the Group's response to the COVID-19 pandemic, all executives were required to take 50% of their gross salary from 8 April 2020 until the end of the 2020 financial year at the rights issue price of $0.02 (subject to shareholder approval).

The value of share-based payments in the above table reflects the full market price of the underlying BluGlass share price at the date of issue less exercise price and may not reflect the current market value of the shares granted. Additionally, no discount for uncertainty has been assigned to these valuations, which do carry the risk of not meeting vesting hurdles.

CONTRACTED EXECUTIVE REMUNERATION

The Company Secretary, Emmanuel Correia is contracted to BluGlass from Cardrona Energy Pty Ltd. The contract includes provisions that the contract may be terminated by either party with one months' notice. Payments for services to Cardrona were $79,200 in 2020 (2019: $79,200). As a contracted position the Company Secretary does not form part of the BluGlass' executive team.

EMPLOYMENT CONTRACTS OF EXECUTIVES

The employment terms and conditions of the CEO and other executives are formalised in contracts of employment. All executives are permanent employees of BluGlass Limited.

Terms of employment require that the relevant group entity provide an executive contracted person with a minimum of one months' notice prior to termination of contract. The CEO's contract is subject to 3 months' notice. Termination payments are determined by the Board a termination payment is deemed appropriate. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least one months' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

PERFORMANCE BASED REMUNERATION

As part of the executive remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with executives to ensure buy-in. The measures are specifically tailored to the areas each executive is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit and cover financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved and the period of employment for the period. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the group's goals and shareholder wealth, before the KPIs are set for the following year.

The IP portfolio at the end of 30 June 2020 now includes 75 granted patents in various countries, covering six separate patent families. In addition, there are 16 patent applications in various stages filed in numerous countries.

	2015	2016	2017	2018	2019	2020
Revenue $'000	3,532.9	2,809.9	2,801.9	2,811.1	2,747.3	3,821.9
Net Loss $'000	3,173.9	3,427.6	3,660.6	3,840.3	14,420.8	5,994.1
Share price at year-end cents	6	21	26	30	16	3
Patents lodged	3	-	9	1	6	8
Patents Granted	5	9	14	2	18	11

BluGlass' potential value exists in it being able to finalise its research and development programmes and to then commercialise its IP portfolio into the growing markets for LED, GaN on silicon and high efficiency solar cell manufacturing equipment.

MOVEMENT IN SHAREHOLDINGS OF KMP AS AT 30 JUNE 2020

	Total	Direct	* BLG ESS	Movement			Total	Direct	* *BLG ESS
Non-Executives directors	**Opening Balance**			**On**	**Off**	**Other***	**Closing Balance**		
James Walker	**53,540**	53,540	-	250,000	-	-	**303,540**	303,540	-
Vivek Rao	-	-	-	120,000	120,000	-	**240,000**	240,000	-
Stephe Wilks	-	-	-	-	-	-	-	-	-
William Johnson (retired 8 February 2020)	**757,415**	757,415	-	-	240,000	997,415	**-**	-	-
Executives									
Giles Bourne	**3,332,956**	1,051,956	2,281,000	939,623	-	-	**4,272,579**	4,272,579	-
Ian Mann	**1,795,540**	65,540	1,730,000	265,540	-	-	**2,061,080**	531,080	1,530,000

* Movement to other is due to resignation of director.
* * BLG ESS means vested options that have not yet been withdrawn from Employee Share Scheme Trust by the beneficiary.

OPTIONS AND PERFORMANCE RIGHTS HELD BY KMP AS AT 30 JUNE 2020

					Movement					
Non-Executives directors	**Opening Balance**	**Vested in O/B**	**Vested in period**	**Total Vested**	**Exercised**	**Granted in period**	**Forfeited in period**	**Closing Balance**	**Vested and exercisable %**	**Unvested %**
James Walker	300,000	-	30,000	-	-	-	-	270,000	10	90
Vivek Rao	420,000	120,000	30,000	150,000	120,000	-	-	270,000	10	90
Stephe Wilks	300,000	-	30,000	-	-	-	-	270,000	10	90
William Johnson (retired 8 February 2020)	540,000	240,000	30,000	270,000	240,000	-	270,000	-	-	-
Executives										
Giles Bourne	9,874,500	-	-	-	-	-		9,874,500	-	100
Ian Mann	9,711,758	-	-	-	-	-		9,711,758	-	100

Options and performance rights vested when the criteria described above have been met. Options and performance rights are then converted into ordinary shares and held in the BluGlass Employee Share scheme Trust until they are elected to be withdrawn by the beneficiary.

For clarity the vested options held as shares in the Trust are also disclosed in the KMP's shareholding above as they can be exercised and withdrawn at any time once vested.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

Options totalling 480,000 were exercised during the year by the Company's employee share trust, BluGlass Employee Incentive Plan Pty Ltd. When options that have been granted as compensation in prior periods meet the requisite vesting conditions they are exercised by the trust into shares. These shares are then held in the share trust for the eligible employees until employees exercise their right to withdraw the shares from the trust. During the year 4,102,000 shares were withdrawn from the trust.

APPROVAL OF 2019 REMUNERATION REPORT

A resolution seeking approval of the 2019 Remuneration Report was tabled at the November 2019 Annual General Meeting. The resolution was passed at that meeting with the vote in favour recorded of 97%.

REMUNERATION ADVISORS

No remuneration advisors were engaged during the year nor was any formal remuneration advice received during the year.

END OF REMUNERATION REPORT - AUDITED

DIRECTORS' REPORT CONT.

MEETINGS OF DIRECTORS

During the financial year, 13 meetings of directors were held. Attendances by each director during the year were:

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS			
			Audit & Risk Committee		Remuneration & Nominations Committee	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
William Johnson	7	7	1	1	1	1
Giles Bourne	13	13	-	-	-	-
Vivek Rao	13	13	1	1	1	1
James Walker	13	13	2	2	1	1
Stephe Wilks	13	13	1	1	-	-

*Remuneration and nominations committee discontinued in February 2020 and will be handled by the full Board due to the size of the Company.

INDEMNITIES GIVEN TO AND INSURANCE PREMIUMS PAID FOR AUDITORS AND OFFICERS

The Group has entered into Deeds of Indemnity, Insurance and Access with each of the directors and the Company Secretary. Each deed provides officers with the following:

- A right to access certain Board papers of the Group during the period of their tenure and for a period of seven years after that tenure ends;
- Subject to the Corporations Act 2001, an indemnity in respect of liability to persons other than the Group and its related bodies corporate that they may incur while acting in their capacity as an officer of the Group or a related body corporate, except where that liability involves a lack of good faith, and for defending certain legal proceedings; and the requirement that the Group maintains appropriate directors' and officers' insurance for the officer
- No liability has arisen under these indemnities as at the date of this report
- The Company has paid premiums of $55,200 (2019: $40,175) to insure each of the directors, secretary and executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Company, other than conduct involved in a wilful breach of duty in relation to the Company
- The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor

OPTIONS

At the date of this report, the unissued ordinary shares of BluGlass Limited under option/rights are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
13/11/2017	1/12/2020	0.28	2,000,000
17/12/2018	17/12/2021	-	20,160,112
			22,160,112

During the year ended 30 June 2020, 480,000 ordinary shares of BluGlass Limited were issued on the exercise of options.

CORPORATE GOVERANCE POLICY AND STATEMENT

The Groups Corporate Governance statement can be viewed on the Company's website at www.bluglass.com.au

PROCEEDINGS ON BEHALF OF 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 or taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 5 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required by s307C of the Corporation Act 2001 for the year ended 30 June 2020 has been received and can be found on page 23 and forms part of the Directors' Report.

This Directors' Report incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.

James Walker

Chair
25 August 2020

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Sydney NSW 2000

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Auditor's Independence Declaration

To the Directors of BluGlass Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of BluGlass Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

P J Woodley
Partner – Audit & Assurance

Sydney, 25 August 2020

PROFIT OR LOSS AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note		Consolidated Entity	
			2020 $	2019 $
Revenue	2		655,830	424,555
Other income	2		3,136,069	2,087,142
Finance income	2		29,976	235,640
Employee benefits expense	16		(3,041,531)	(3,032,419)
Professional fees			(109,597)	(134,958)
Board and secretarial fees			(332,953)	(382,721)
Corporate compliance & legal expense			(95,174)	(131,807)
Consultant fees			(608,273)	(491,986)
Finance cost			(99,416)	-
Rent expense			(68,144)	(317,428)
Travel and accommodation expense			(148,567)	(249,355)
Consumables			(1,898,036)	(1,744,556)
Depreciation and amortisation expense			(1,071,697)	(177,834)
Impairment expense	12		-	(8,695,000)
Share based payment expense	22		(1,237,286)	(674,141)
Other expenses			(1,105,314)	(1,135,899)
Loss before income tax	**3**		**(5,994,113)**	**(14,420,767)**
Income tax expense	4		-	-
Loss for the year			**(5,994,113)**	**(14,420,767)**
Other comprehensive income				
Total comprehensive income			**(5,994,113)**	**(14,420,767)**
Loss attributable to:				
• Members of the parent entity			(5,994,113)	(14,420,767)
• Non-controlling interest			-	-
			(5,994,113)	(14,420,767)
Total Comprehensive Income attributable to:				
• Members of the parent entity			(5,994,113)	(14,420,767)
• Non-controlling interest			-	-
			(5,994,113)	(14,420,767)
Earnings Per Share				
Basic loss per share (cents per share)	6		(1.27)	(3.45)
Diluted loss per share (cents per share)	6		(1.27)	(3.45)

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

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note		Consolidated Entity	
			2020 $	2019 $
Current Assets				
Cash and cash equivalents	**7**		5,430,240	6,116,427
Trade and other receivables	**8**		2,919,128	2,262,133
Inventories	**9**		139,554	137,140
Other current assets	**10**		58,030	42,651
TOTAL CURRENT ASSETS			**8,546,952**	**8,558,351**
Non-Current Assets				
Property, plant and equipment	**11**		7,882,703	5,394,925
Intangible assets	**12**		-	-
TOTAL NON-CURRENT ASSETS			**7,882,703**	**5,394,925**
TOTAL ASSETS			**16,429,655**	**13,953,276**
Current Liabilities				
Trade and other payables	**14**		407,503	473,456
Lease liabilities	**19**		168,411	-
Short-term provisions	**15**		578,395	529,975
TOTAL CURRENT LIABILITIES			**1,154,309**	**1,003,431**
Non-Current Liabilities				
Long-term provisions	**15**		1,325,794	1,306,272
Lease liabilities	**19**		1,556,074	**-**
TOTAL NON-CURRENT LIABILITIES			**2,881,868**	**1,306,272**
TOTAL LIABILITIES			**4,036,177**	**2,309,703**
NET ASSETS			**12,393,478**	**11,643,573**
Equity				
Issued capital	**17**		73,068,525	67,412,994
Reserves	**18**		884,530	(203,957)
Accumulated losses			(61,559,577)	(55,565,464)
TOTAL EQUITY			**12,393,478**	**11,643,573**

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

CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital	Share-Based Payments Reserve	Other Reserves	Accumulated Losses	Total
	$	$	$	$	$
Consolidated Entity					
Balance at 1 July 2018	67,380,834	328,814	(982,452)	(41,338,197)	25,388,999
Profit for the year	-	-	-	(14,420,767)	(14,420,767)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**(14,420,767)**	**(14,420,767)**
Transactions with owners in their capacity as owners					
Shares issued during the year (Note 17)	-	-	-	-	-
Share transaction costs during the year	-	-	-	-	-
Share options issued (Note 22)	-	674,141	-	-	674,141
Exercise of share option	32,160	(30,960)	-	-	1,200
Transfer to retained earnings		(193,500)		193,500	-
Balance at 30 June 2019	**67,412,994**	**778,495**	**(982,452)**	**(55,565,464)**	**11,643,573**
Balance at 1 July 2019	**67,412,994**	**778,495**	**(982,452)**	**(55,565,464)**	**11,643,573**
Profit for the year	-	-	-	(5,994,113)	(5,994,113)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**(5,994,113)**	**(5,994,113)**
Transactions with owners in their capacity as owners					
Shares issued during the year (Note 17)	5,858,959	-	-	-	5,858,959
Share transaction costs during the year (Note 17)	(357,028)	-	-	-	(357,028)
Share based payments (Note 22)	-	241,651		-	241,651
Share options issued (Note 22)	-	995,636	-	-	995,636
Exercise of share options (Note 22)	153,600	(148,800)	-	-	4,800
Balance at 30 June 2020	**73,068,525**	**1,866,982**	**(982,452)**	**(61,559,577)**	**12,393,478**

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

CASHFLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Entity	
		2020	2019
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		655,830	424,555
Research and development tax rebate		2,366,069	2,087,142
Interest received		29,976	235,640
Interest paid		(89,967)	-
Government grants		170,000	-
Payments to suppliers and employees		(7,480,229)	(7,678,351)
Net cash used in operating activities	**21**	**(4,348,321)**	**(4,931,014)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	**11**	(1,681,412)	(4,307,533)
Net cash used in investing activities		**(1,681,412)**	**(4,307,533)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs	**17**	5,501,931	-
Lease liability	**19**	(153,737)	
Interest paid		(9,448)	
Proceeds from options exercised	**22**	4,800	1,200
Net cash provided by financing activities		**5,343,546**	**1,200**
Net decrease in cash held		(686,187)	(9,237,347)
Cash at beginning of financial year		6,116,427	15,353,774
Cash at end of financial year	**7**	**5,430,240**	**6,116,427**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers BluGlass Limited as a consolidated entity ("Group"). BluGlass Limited is a listed public Company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity BluGlass Limited have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 25th August 2020 by the directors of the Company.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

Basis of Preparation

The consolidated general-purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). BluGlass Limited is a for-profit entity for the purpose of preparing financial statements.

The accounting policies set out below have been consistently applied to all years presented.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

Notwithstanding the loss for the financial year and the negative cashflows from operations, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business. Despite the disruptions resulting from COVID-19, management do not believe the uncertainty is considered to be material enough to cast significant doubt on the Company's ability to operate under the going concern basis.

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

- The Group has cash and cash equivalents of $5,430,240 as at 30 June 2020 (2019: $6,116,427). As at that date, the Group had net current assets of $7,392,643 (2019: $7,554,920) and net assets of $12,393,478 (2019: $11,643,573). The Group has performed a detailed cash flow forecast, and determined that it has adequate cash resources in place to fund its operations for the next 12 months, even in the absence of obtaining additional funding;
- Notwithstanding the above, if required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. The Group has raised in excess of $5.9 million in the current reporting period and the Directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required;
- If required, the Group has the ability to finance the research and development tax rebate to have access to the funding earlier, this will improve the liquidity of the Group; and
- The Group has the ability to scale back a significant portion of its development activities if required.

Accordingly, the Directors have prepared the financial report on a going concern basis.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Accounting Policies

a. Principles of Consolidation

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

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year they were controlled. A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

In preparing the consolidated financial statements all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those adopted by the parent entity.

Non-controlling interests, presented as part of equity, represents the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries and the non-controlling interests' bond on their respective ownership interests.

b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (revenue) and deferred tax expense (revenue).

Current income tax expense charged to the profit and loss is the tax payable on taxable income calculated using applicable tax rates enacted, or substantially enacted, as at reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation

BluGlass Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. BluGlass Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 21 September 2006. The tax consolidated group has entered a tax sharing agreement whereby each Company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

c. Inventories

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

d. Plant and Equipment

Each class of plant and equipment is carried at cost as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

d. Plant and Equipment (cont.)

The depreciable amount of all fixed assets including building and capitalised lease assets is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	
Furniture and Fittings	Depreciation Rate
Plant and equipment	10%
Leasehold improvements	20-100%
Plant and equipment	33.33%
Computer hardware and software	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss statement.

e. Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent 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). For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

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. Classifications are determined by both

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets. 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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e. Financial Instruments (cont.)

Subsequent measurement 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 FVPL):

- 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 under AASB 139.

Impairment of Financial assets

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) 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.

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

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below. The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. 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 FVPL, 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.

f. Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

g. Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks and intellectual property have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 5 to 10 years. All new patent and trademark costs are expensed during the year they are incurred.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technically feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Intellectual property

Intellectual property (IP) which represents in process research is recognised at cost of acquisition. IP has a finite life once the asset is ready for use. Once the asset is ready for use the asset will be carried at cost less any accumulated amortisation and any impairment losses.

h. Foreign Currency Transactions and Balances

Functional and presentation currency

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 which is the parent and controlled entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were 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 equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

i. Employee Benefits

Provision is made for the Group'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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The Group operates an equity-settled share-based payment employee share and option scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using the Cox-Ross-Rubenstein Binomial pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

j. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

l. Revenue and Other Income

Revenue arises mainly from foundry income. To determine whether to recognise revenue, the Group follows a 5-step process:

4. Identifying the contract with a customer
5. Identifying the performance obligations
6. Determining the transaction price
7. Allocating the transaction price to the performance obligations
8. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract for foundry income is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers and upon acceptance of the customer.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

m. Leases

The Group as a lessee

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

The Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment.

Accounting policies applicable to comparative period (30 June 2019)

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

The Group has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated.

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o. Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

p. Government Grants

Borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

q. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

r. Critical accounting estimates and judgments

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

Key estimates — Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. See Note 12: Intangible assets for further disclosure of impairment.

Key estimates — Share options

The Company issued options under the BluGlass Limited employee incentive option scheme. The options granted in the year were valued using the BluGlass share price at the date of grant. The prior year options were valued the same as they are currently valued. The key inputs to the pricing model are disclosed on Note 22. In addition to the pricing, key judgements revolve around the likelihood of vesting and estimated vesting date where there are vesting conditions. These judgements impact the expense recorded for the period.

Key estimates — Deferred Taxes

Deferred taxes have not been recognised on the Company's tax losses due to the uncertainty in relation to the timing of the losses being utilised in the future.

Key estimates- R&D tax rebate

The Company accrues the R&D tax rebate estimates for the prior period. The current tax advisors give an estimate of the R&D tax rebate that the Company expects to receive upon lodgement of the Company tax return. This judgement impacts the revenue recorded for the period.

Key estimates- Lease make good provision

The Company has received an external estimate to return the current lease to the original condition the property was in at the beginning of the lease. This judgement impacts the provisions recorded and the expensed amounts for the period.

s. Adoption of New and Revised Accounting Standards

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2019. Information on the more significant standard(s) is presented below.

The Group has adopted AASB 16 from 1 July 2019. The new standard replaces AASB 117 Leases. The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach. Prior periods have not been restated. The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

The Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. Lease payments on these assets are expensed to the profit or loss as incurred.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 4.79%.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

s. Adoption of New and Revised Accounting Standards (cont.)

The following is a reconciliation of the financial statement line items from AASB 117 to AASB 16 at 1 July 2019:

	Carrying amount at 30 June 2019	Reclassification	Remeasurement	AASB 16 carrying amount at 1 July 2019
Property, plant and equipment	5,394,925	-	1,878,222	7,273,147
Lease liabilities	-	-	- 1,878,222	- 1,878,222

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019:

Total operating lease commitments disclosed at 30 June 2019	**983,482**
Other minor adjustments relating to commitment disclosures	(53,076)
Operating lease liabilities before discounting	930,406
Discounted using incremental borrowing rate	(97,657)
Operating lease liabilities	832,749
Reasonably certain extension options	1,045,473
Finance lease obligations	-
Total lease liabilities recognised under AASB 16 at 1 July 2019	**1,878,222**

AASB Interpretation 23 Uncertainty over Income Tax Treatment

AASB Interpretation 23 clarified the application of the recognition and measurement criteria in AASB 112 Income Taxes (AASB 112) where there is uncertainty over income tax treatments and requires an assessment of each uncertain tax position as to whether it is probable that a taxation authority will accept the position. Where it is not probable, the effect of the uncertainty is reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses and unused tax credits or tax rates. The amount is determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Judgements are reassessed as and when new facts and circumstances are presented.

AASB Interpretation 23 is effective for the Group's annual financial reporting period beginning on 1 July 2019. Our consideration takes into consideration:

- the preparation and underlying documentation supporting the Company's tax treatment; and
- the approach expected to be undertaken by the tax authority during an examination

Based on our assessment, the Group does not have any tax treatments or positions which require adjustment or disclosure required by the interpretation.

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Entity	
	2020 **$**	**2019** **$**
Revenue		
• Other revenue - foundry revenue recognised at point in time	655,830	424,555
Total Revenue	**655,830**	**424,555**
Other Income		
• Research and development tax rebate	2,966,069	2,087,142
• Government grant – Job-keeper and cashflow boost	170,000	-
Total other income	**3,136,069**	**2,087,142**

Finance Income		
• interest received from bank	29,976	235,640
Total finance income	**29,976**	**235,640**

NOTE 3: LOSS FOR THE YEAR

	Consolidated Entity	
Expenses:	**2020** **$**	**2019** **$**
Finance cost on leases	89,967	-
Share based payments	1,237,286	674,141

NOTE 4: INCOME TAX EXPENSE

	Consolidated Entity	
	2020 $	2019 $
(a) The components of tax expense comprise:		
• Current tax	-	-
• Deferred tax	-	-
	-	-
(b) The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on loss before income tax at 27.5% (2019: 27.5%)		
• consolidated entity	(1,648,381)	(3,965,711)
Add:		
Tax effect of:		
• share based payments during year	340,254	185,389
• Impairment expense	-	2,391,125
• other non-allowable items	122,445	139,029
	462,699	2,715,543
Add:		
Income tax benefit not brought to account	(1,185,682)	(1,250,168)
Income tax benefit attributable to the entity		-
Accumulated tax losses not brought to account	9,998,753	8,813,071

NOTE 5: AUDITORS' REMUNERATION

	Consolidated Entity	
	2020 $	2019 $
Remuneration of the auditor for:		
• auditing or reviewing the financial reporting	58,000	65,300
• Non-audit services- Taxation compliance services	11,000	6,500
	69,000	**71,800**

NOTE 6: LOSS PER SHARE

	Consolidated Entity	
	2020 $	2019 $
(a) Loss attributable to members of the parent entity	5,994,113	14,420,767
(b) Basic and diluted loss per share (cents per share)	1.27	3.45
	No.	No.
(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS.	473,077,641	418,345,209

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2020 $	2019 $
Cash at bank and in hand	36,848	38,224
Short-term bank deposits	5,393,047	6,078,031
Petty cash	345	172
	5,430,240	6,116,427

The effective interest rate on short-term bank deposits was 0.5% (2019: 2.43%), these deposits have an average maturity of less than 14 days.

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated Entity	
	2020 $	2019 $
Research and development tax rebate	2,700,000	2,100,000
Trade receivables	106,696	30,000
Other receivables	112,432	132,133
	2,919,128	2,262,133

All amounts are short-term. The net carrying value of other receivables is considered a reasonable approximation of fair value. No impairment of receivables is deemed to exist. There were no bad debts during the year (2019: nil).

NOTE 9: INVENTORIES

	Consolidated Entity	
	2020 $	2019 $
CURRENT		
Consumables at cost	139,554	137,140
	139,554	137,140

NOTE 10: OTHER CURRENT ASSETS

	Consolidated Entity	
	2020 $	2019 $
CURRENT		
Prepayments	36,265	28,135
Security deposit	21,765	14,516
	58,030	42,651

All amounts are short-term. The net carrying value of other receivables is considered a reasonable approximation of fair value. No impairment of receivables is deemed to exist. There were no bad debts during the year (2019: nil).

NOTE 11: PROPERTY PLANT AND EQUIPMENT

Property plant and equipment	2020 $	2019 $
Plant and equipment		
At cost	9,475,619	7,982,152
Accumulated depreciation	(6,238,415)	(6,238,213)
Total plant and equipment	3,237,204	1,743,939
Leased plant and equipment		
At cost	1,006,170	1,006,170
Accumulated depreciation	(1,006,170)	(1,006,170)
	-	-
Leasehold improvements		
At cost	6,392,671	6,204,726
Accumulated depreciation	(4,299,270)	(3,594,153)
Total leasehold improvements	2,093,401	2,610,573
Lease make good provision		
At cost	1,235,000	1,235,000
Accumulated depreciation	(346,261)	(228,741)
Total lease make good provision	888,739	1,006,259
Computer equipment		
At cost	366,554	366,554
Accumulated depreciation	(363,652)	(335,357)
Total computer equipment	2,902	31,197
Furniture and fittings		
At cost	150,583	150,583
Accumulated depreciation	(150,583)	(147,626)
Total furniture and fittings	-	2,957

NOTE 11: PROPERTY PLANT AND EQUIPMENT (CONT.)

Right of use Asset		
At cost	1,878,222	-
Accumulated depreciation	(217,765)	-
Total right of use asset	1,660,457	-
Total property, plant and equipment	7,882,703	5,394,925

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year

	Right of use Asset $	Plant and Equipment $	Lease Make Good $	Leasehold Improvements $	Furniture and Fittings $	Computer Equipment $	Total $
Consolidated Entity:							
Balance at 30 June 2019	-	1,743,939	1,006,259	2,610,573	2,957	31,197	5,394,925
Additions	1,878,222	1,493,467	-	187,945	-	-	3,559,634
Disposals	-	-	-	-	-	-	-
Depreciation expense	(217,765)	(202)	(117,520)	(705,117)	(2,957)	(28,295)	(1,071,856)
Balance at 30 June 2020	1,660,457	3,237,204	888,739	2,093,401	-	2,902	7,882,703

*The value of assets under construction of $3,237,204 (2019: $1,743,895) are included within plant and equipment that is not yet depreciated

NOTE 12: INTANGIBLE ASSETS

	Consolidated Entity	
	2020 $	2019 $
In process research and development:		
Cost	12,130,080	12,130,080
Accumulated impairment	(12,130,080)	(12,130,080)
Net carrying value	-	-

NOTE 13: CONTROLLED ENTITIES

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2020	**2019**
Parent Entity:			
BluGlass Limited	Australia	-	-
Subsidiaries of BluGlass Limited:			
Gallium Enterprises Pty Ltd	Australia	100	100
BluSolar Pty Ltd	Australia	100	100
BluGlass Deposition Technologies Pty Ltd	Australia	100	100
BluGlass Research Pty Ltd	Australia	100	100
EpiBlu Technologies Pty Ltd	Australia	100	100

* Percentage of voting power is in proportion to ownership

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2020	**2019**
	$	**$**
Current		
Trade payables	179,461	212,713
Contract liabilities	-	53,517
Sundry payables and accrued expenses	228,042	207,226
	407,503	473,456

The carrying values of trade payables, sundry and accrued payables are considered to be reasonable approximation of fair value.

NOTE 15: PROVISIONS

	Consolidated Entity	
	2020	**2019**
	$	**$**
Current		
Employee benefits	578,395	529,975
Total Current Provisions	**578,395**	**529,975**
Non-Current		
Lease make good	1,235,000	1,235,000
Employee benefits	90,794	71,272
Total Non-current provisions	**1,325,794**	**1,306,272**
	1,904,189	**1,836,247**

	Lease Make Good	Employee Benefits	Total
	$	**$**	**$**
Consolidated Group			
Opening balance at 1 July 2019	1,235,000	601,247	1,836,247
Additional provisions	-	206,708	206,708
Amounts used	-	(138,766)	(138,766)
Balance at 30 June 2020	1,235,000	669,189	1,904,189

NOTE 16: EMPLOYEE BENEFITS EXPENSE

	Consolidated Entity	
	2020 $	2019 $
Wages and salaries	2,797,042	2,811,743
Share-based payments	1,237,286	674,141
Superannuation	244,489	220,676
	4,278,817	3,706,560

NOTE 17: ISSUED CAPITAL

	Consolidated Entity	
	2020 $	2019 $
711,855,027 (2019: 418,427,072) fully paid ordinary shares	73,068,525	67,412,994
	73,068,525	67,412,994

The Company has authorised share capital amounting to 711,855,027 ordinary shares.

(a) **Ordinary Shares**	No.	$
At the beginning of reporting period	418,427,072	67,412,994
Shares issued during the year		
• 11 October 2019	480,000	153,600
• 23 April 2020	237,922,759	4,401,427
• 27 April 2020	52,345,196	1,046,904
• 10 June 2020	2,680,000	53,600
At reporting date	711,855,027	73,068,525

* Includes share issue costs

- The directors exercised their 2016 options issue on 11 October 2019.
- BluGlass invited existing shareholders on 24 March to participate in a non-renounceable pro-rata 1 for 1 entitlement offer at an issue price of $0.02 per new share, to raise necessary funds. The offer closed on 27 April 2020 and a total of 292,947,955 share were issued and $5.86 million was raised.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Shares have no par value.

(b) Options

For information relating to the BluGlass Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, refer to Note 22 Share-based Payments.

(c) Capital Management

Management controls the capital of the consolidated entity in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the consolidated entity can fund its operations and continue as a going concern.

NOTE 17: ISSUED CAPITAL (CONT.)

(c) Capital Management(cont.)

The consolidated entity's capital comprises ordinary share capital. There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the consolidated entity since the prior year.

NOTE 18: RESERVES

(a) Share based payments

The reserve records items recognised as expenses on valuation of employee share options and shares. The Company has elected to reclassify amounts representing expired options to accumulated losses.

(b) Other Reserves

This reserve is used to recognise the difference between purchase consideration paid and the non-controlling interest carrying value.

NOTE 19: CAPITAL AND LEASING COMMITMENTS

	Current liability	Non-current liability	Total
30 June 2020	**$**	**$**	**$**
Lease payments	251,014	1,863,173	2,114,187
Finance Charges	(82,603)	(307,099)	(389,702)
Net Present Values	168,411	1,556,074	1,724,485

Total cash outflow for leases for the year ended 30 June 2020 was $254,088.

	Lease Liability $
Consolidated Group	
Opening balance at 1 July 2019	1,878,222
Interest accrued	89,967
Cash repayment	(243,704)
Balance at 30 June 2020	1,724,485

The lease was renewed for an additional term of five years from February 2018. The property lease is a non-cancellable lease with a five-year term with an extension option of an additional 5 years to February 2028 with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the greater of CPI or 3.0% per annum. The lease does not allow for subletting of any lease areas.

NOTE 20: OPERATING SEGMENTS

(a) Business and geographical segments

The Group identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of research and development activities. The Group's operation has one main risk profile and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the product or service;
- the distribution method; and any external regulatory requirements

Applying the above criteria, the Group only has one operating division being the research and manufacture of Gallium Nitride (GaN).

The Group operates in one geographical area being in Australia. The Group did not undertake any new operations and it did not discontinue any of its existing operations during the year.

NOTE 21: CASH FLOW INFORMATION

	Consolidated Entity	
	2020 $	2019 $
(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(5,994,113)	(14,420,767)
Non-cash flows in loss		
Depreciation expense	1,071,697	177,834
Share based payment	1,237,286	674,141
Impairment expense	-	8,695,000
Other non-cash items	9,602	28,741
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in lease liabilities	-	-
(Increase)/decrease in trade and other receivables	(656,995)	(8,693)
Decrease/(increase) in other assets	(15,373)	11,951
(Increase)/decrease in inventories	(2,414)	(83,250)
(Decrease)/increase in trade and other payables and accruals	(65,953)	(56,246)
Increase/ (decrease) in provisions	67,942	50,275
Cash flow from operations	(4,348,321)	(4,931,014)

NOTE 22: SHARE-BASED PAYMENTS

The following share-based payments existed at 30 June 2020:

	Consolidated Entity			
	2020		2019	
	Number of options and performance rights	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	22,640,112	0.02	4,100,000	0.32
Granted	-	-	20,160,112	-
Forfeited	-	-	-	-
Exercised	(480,000)	0.01	(120,000)	0.01
Expired	-	-	(1,500,000)	0.50
Outstanding at year-end	22,160,112	0.02	22,640,112	0.02
Exercisable at year-end	-	-	480,000	0.01

The options outstanding and performance at 30 June 2020 had a weighted average exercise price of $0.02 (2019: $0.02) and a weighted average remaining contractual life of 1.5 years.

The life of the options and performance rights is based on the historical exercise patterns, which may not eventuate in the future.

The fair values of the granted performance rights were determined by the vesting conditions of the rights.

The non-market condition performance rights were valued at the price of the BluGlass share price at the date they were granted with the probability of the performance rights vesting according to management. These performance rights were valued at $0.295.

The non-market vesting conditions for the performance rights are spread between directors' rights and staff rights with both rights expiring 19 November 2021 with no exercise price and issued in equity;

Staff rights vesting conditions:

- 50% upon the Company entering into a meaningful commercial agreement utilizing the technology and intellectual property developed in the Lumileds collaboration; and
- 50% upon the Company demonstrating that the RPCVD hardware technology process is licensed to two or more commercial partners with recurring royalty or revenue.
- The board will retain discretion as to the satisfaction of the vesting conditions based on the materiality and importance to the Company of achieving the predefined performance criteria.

Directors rights vesting conditions:

- 35% upon the Company entering into a meaningful commercial agreement utilizing the technology and intellectual property developed in the Lumileds collaboration;
- 35% upon the Company demonstrating that the RPCVD hardware technology process is licensed to two or more commercial partners with recurring royalty or revenue; and
- 30% allocated as 10% per year for each year of service for a period of three years from the issue date of the Performance Rights.
- The board will retain discretion as to the satisfaction of the vesting conditions based on the materiality and importance to the Company of achieving the pre-defined performance criteria.

The market condition performance rights were valued at $0.108 using the monte-carlo valuation method that takes into account factors specific to the share incentive plan. Market conditions include achieving a VWAP share price of:

- $0.60 for 31.25% of the rights
- $0.70 for 31.25% of the rights
- $0.80 for 25% of the rights
- $0.90 for the final 12.5% of the rights

The following principal assumptions were used in valuing the market condition rights:

NOTE 22: SHARE-BASED PAYMENTS (CONT.)

Valuation Assumptions	
Grant Date	17 December 2018
Vesting period ends	17 December 2021
Share price at date of grant	$0.285
Volatility	74.4%
Risk free investment rate	2.5%

As part of the COVID-19 response. The Board and Management of BluGlass required all staff and directors to receive shares in lieu of their salary as part of capital preservation measures.

Directors and executives were required to be remunerated 50% of their total fees and salaries in BluGlass shares and other staff were required to be remunerated 25% of their total salary in BluGlass shares.

The shares were issued at $0.02 per share being the same price as the rights issue and were valued on the income statement at the BluGlass share price on 9 April 2020 of $0.024 being the fair value at the grant date ($241,651). The shares were not issued until 6 July 2020.

Included under employee benefits and expense in the income statement relating to share-based payment is $1,237,286 (2019: $674,141) and relates, in full, to equity-settled share-based payment transactions.

NOTE 23: RELATED PARTY TRANSACTIONS

	Consolidated Entity	
	2020 $	2019 $
The totals of remuneration paid to key management personnel of the group during the year are as follows:		
Short term employment benefits	794,628	908,683
Post-Employment benefits	70,204	62,799
Share-based payments	85,400	517,763
	950,232	1,489,245

Key Management Personnel have had no other transactions with the group during the year, and the group has no other related parties.

NOTE 24: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to a subsidiary and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note		Consolidated Entity	
			2020	2019
Financial Assets			$	$
Cash and cash equivalents	7		5,430,240	6,116,427
Trade and other receivables	8		2,919,128	2,262,133
			8,349,368	8,378,560

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT.)

Financial Liabilities				
Trade and other payables	14		407,503	473,456
Lease liabilities	19		1,724,485	-
			2,131,988	473,456

The Audit and Risk Committee (ARC) has been delegated responsibility by the Board of Directors for, amongst other issues, monitoring and managing financial risk exposures of the Group. The ARC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counter party credit risk, currency risk, financing risk and interest rate risk. The ARC meets regularly and minutes are reviewed by the Board.

The ARC's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments is interest rate risk. Other risks include foreign currency risk, liquidity risk, credit risk, and commodity and equity price risk.

The maximum exposure to financial risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

(a) Credit Risk

The group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

(b) Price Risk

The group has no exposure to commodity price risk.

(c) Liquidity Risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements.

As at 30 June 2020 the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

30 June 2020	**Current**			**Non-Current**	
	Within 6 months $	**6 to 12 months** $		**1 to 5 years** $	**Later than 5 years** $
Trade and other payables	407,503	-		-	-
Lease liabilities	84,206	84,205		839,619	716,455
Total	**491,709**	**84,205**		**839,619**	**716,455**

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT.)

30 June 2019	Current		Non-Current	
	Within 6 months $	6 to 12 months $	1 to 5 years $	Later than 5 years $
Trade and other payables	473,456	-	-	-
Total	**473,456**	**-**	**-**	**-**

Financial assets and financial liabilities are being held at amortised costs.

(d) Market Risk

(i) Foreign Exchange Risk

The group does not have any material foreign exchange risk exposure to any single asset or liability or group of assets or liabilities under financial instruments entered into by the consolidated entity.

(ii) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2020 $	2020 %	2019 $	2019 %
Consolidated Entity				
Financial Assets:				
Cash	37,193	0.5	38,396	0.5
Investments in term deposits and bank bills	5,393,047	1.0	6,078,031	1.4
Total Financial Assets	5,430,240		6,116,427	

All other financial assets and liabilities are non-interest bearing.

(iii) Financial instrument composition and maturity analysis

All trade and sundry payables are expected to be paid within the next 45 days.

(iv) Net Fair Values

All financial assets and liabilities at 30 June 2020 have maturities of less than 45 days and carrying value represents net fair value.

(v) Sensitivity analysis

The consolidated and parent entity does not have projected exposure to foreign currency risk or price risk and no material projected exposure to interest rate risk.

NOTE 25: CONTINGENT LIABILITIES

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

NOTE 26: EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it did not have any significant impact for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other significant events have occurred after Statement of Financial Position date.

NOTE 27: BLUGLASS LTD PARENT COMPANY INFORMATION

	2020	2019
	$	**$**
Parent entity		
Assets		
Current assets	8,586,136	8,548,935
Non-current assets	12,400,340	9,912,561
Total assets	20,986,476	18,461,496
Liabilities		
Current liabilities	987,488	956,421
Non-current liabilities	5,241,736	3,497,727
Total liabilities	6,229,224	4,454,148
Net Assets	14,757,252	14,007,348
Equity		
Issued capital	73,310,177	67,412,994
Accumulated Losses	(59,195,803)	(53,201,689)
Share based payments reserve	1,625,330	778,495
Other reserve	(982,452)	(982,452)
Total Equity	14,757,252	14,007,348

Financial performance		
Loss for the year	(5,994,113)	(14,420,767)
Other comprehensive income	-	-
Total comprehensive income	(5,994,113)	(14,420,767)

Refer to Note 19 for Capital and Leasing commitments and Note 25 for Contingent Liabilities.

NOTE 28: COMPANY DETAILS AND PRINCIPAL PLACE OF BUSINESS

The registered office and principal place of business of the Company is:

BLUGLASS LIMITED
74 ASQUITH STREET
SILVERWATER NSW 2128
Ph: +61 2 9334 2300

DIRECTORS' DECLARATION

1. In the opinion of the directors of BluGlass Limited:

   a. the consolidated financial statements and notes of BluGlass Limited are in accordance with the Corporations Act 2001, including

      I. giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

      II. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   b. there are reasonable grounds to believe that BluGlass Limited will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2020.

3. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

James Walker
Chair
25 August 2020

Giles Bourne
Managing Director and Chief Executive Officer
25 August 2020

Grant Thornton

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Independent Auditor's Report

To the Members of BluGlass Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of BluGlass Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, 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 2020 and of its performance for the year ended on that date; and

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

Basis for opinion

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 opinion.

Grant Thornton

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.

Key audit matter	How our audit addressed the key audit matter
Research and Development Rebate (Note 2 and Note 8)	

The Group accounts for the Research and Development (R&D) rebate tax incentive as a Government Grant.
 	
This area is a key audit matter due to the inherent subjectivity that is involved in the Group making judgements in relation to the calculation and recognition of the R&D rebate tax incentive income and receivable.
	Our procedures included, amongst others:
	
	• obtaining and documenting, through discussions with management, an understanding of the process to estimate the claim;
	• evaluating the competence, capabilities and objectivity of management's expert;
	• utilising an internal R&D tax specialist in:
	  o reviewing the methodology used by management for consistency with the R&D tax offset rules; and
	  o considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to assess whether the expenses included in the estimate were likely to meet the eligibility criteria.
	• inspecting supporting documentation for a sample of expenses claimed to assess validity of the claimed amount and eligibility against the R&D tax incentive scheme criteria;
	• comparing the nature of the R&D expenditure included in the current year estimate to the prior year claim;
	• comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger;
	• considering the entity's history of successful claims;
	• inspecting copies of relevant correspondence with AusIndustry and the Australian Taxation Office related to the claims; and
	• assessing the adequacy of the relevant disclosures in the financial statements.

Grant Thornton

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 2020, 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: https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Grant Thornton

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 15 to 20 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of BluGlass Limited for the year ended 30 June 2020 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

P J Woodley
Partner – Audit & Assurance

Sydney, 25 August 2020