

Terragen Holdings Limited
ABN 36 073 892 636

ASX Appendix 4D for the six months ended 31 December 2020

Reporting period: Half-year from 1 July 2020 to 31 December 2020

Previous corresponding period: Half-year from 1 July 2019 to 31 December 2019

The following information should be read in conjunction with both the Financial Report for the year ended 30 June 2020 and the Interim Financial Report for the half-year ended 31 December 2020.

Results for announcement to the market

a. Financial

Terragen Holdings Limited (Terragen) results for announcement to the market are detailed below:

	31 December 2020	31 December 2019	Change
	\$	\$	%
Revenue from ordinary activities	1,376,796	794,953	73%
Profit (loss) from ordinary activities after tax attributable to members	(3,411,053)	(2,360,111)	45%
Net Profit (loss) from ordinary activities attributable to members	(3,411,053)	(2,360,111)	45%

b. Dividends

There were no dividends paid, recommended or declared during the half-year ended 31 December 2020 or in the prior half-year ended 31 December 2019.

Terragen does not currently have an active dividend reinvestment plan.

c. Explanation of results

Please refer to the Directors' Report of the attached Interim Financial Report for further commentary on the half-year ended 31 December 2020.

Net tangible assets

	31 December 2020	31 December 2019
Net tangible assets per ordinary security	7.93 cents	10.23 cents

Audit Review

The Financial Statements for the half-year ended 31 December 2020 have been subject to review by

Terragen's external auditors, Deloitte, and the review report is included in the Interim Financial Report attached.

Attachments

1. Interim Financial Report of Terragen Holdings Limited for the half-year ended 31 December 2020.



Signed

Date: 25 February 2021

Jim Cooper
Managing Director and Chief Executive Officer



**Terragen Holdings Limited and Controlled
Entities**

ABN 36 073 892 636

**Interim financial report for the
half-year ended 31 December 2020**

**Financial report
for the half-year ended 31 December 2020**

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Directors' report

The directors of Terragen Holdings Ltd submit herewith the interim financial report of the consolidated entity consisting of Terragen Holdings Ltd (referred to hereafter as the "company" or "parent entity") and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Terragen Holdings Ltd during the whole of the half-year and up to the date of this report, unless otherwise stated:

- Travis Dillon - Non-Executive Chair (appointed Chair 27 July 2020)
- Paul Schober – Non-Executive Director
- Sam Brougham – Non-Executive Director
- Ingrid van Dijken- Non-Executive Director
- Jim Cooper – Managing Director
- Gregory Robinson – Non-Executive Director (resigned 27 July 2020)
- John Ryals – Non-Executive Director (resigned 27 July 2020)

Principal activities

The consolidated entity's principal activities during the period were research, development and early market development of biological products in the agriculture sector. There were no significant changes in the nature of these activities during the half-year.

Review of operations

The loss of the consolidated entity for the half-year ended 31 December 2020 after providing for income tax amounted to \$3,411,053 (2019: \$2,360,111).

The results from operations reflect the following:

- Revenues, net of rebates, of \$1,376,796 from the sale of the Company's two products *Mylo*[®] and *Great Land*[®] in Australia and New Zealand. This represents growth of 73% on sales revenue of \$794,953 in the half-year ended 31 December 2019.

The strong sales growth is due to a strategic focus on sales of *Mylo*[®] into dairy farms.

- Income tax benefit of \$281,608 (2019: \$296,060) comprising the accrued research and development tax incentive in relation to research and development expenditure incurred by the Group during the half-year.
- Operating expenses of \$5,263,567 in the half-year have increased from the prior half-year operating expenses of \$3,656,684 due principally to the following costs:
 - Non-cash share-based payment expense of \$1,664,734 for 8,000,000 employee options issued in December 2020 across 3 tranches as follows:
 - Tranche 1 - 1,000,000 options exercisable at \$0.25 with an expiry date of 14 December 2025. The options have a fair value of \$277,125.
 - Tranche 2 - 2,000,000 options exercisable at \$0.50 with an expiry date of 14 December 2025. The options have a fair value of \$466,493.
 - Tranche 3 - 5,000,000 options exercisable at \$1.00 with an expiry date of 14 December 2025. The options have a fair value of \$921,116.
 - Raw materials and transportation costs increased by \$151,765 reflecting the increase in sales over the same period.

- Advertising and marketing spend of \$246,010. Consisting of the following:
 - o Commencement of a tactical marketing campaign for *Mylo*® including the deployment of social media, television, digital and print ads to target dairy farmers in the key dairy regions.
 - o Continued rollout of the *Mylo*® pump program in which 104 pumps were provided to farmers at a total cost to Company of \$109,766.
- Additional \$244,318 in Salaries & Wages as the company strengthens its sales, manufacturing and management teams in line with its growth strategy for 2021. Most of these extra costs are offset largely due to there being no Initial Public Offering (IPO) costs.

Capital structure

The significant changes in the company's capital structure during the half-year were:

- In December, the company issued 8,000,000 options over ordinary shares to Managing Director Jim Cooper as a component of his remuneration. The options were issued across 3 tranches, exercisable as follows:
 - o Tranche 1 - 1,000,000 options exercisable at \$0.25 with an expiry date of 14 December 2025.
 - o Tranche 2 - 2,000,000 options exercisable at \$0.50 with an expiry date of 14 December 2025.
 - o Tranche 3 - 5,000,000 options exercisable at \$1.00 with an expiry date of 14 December 2025.

No consideration was received by the Company in relation to those options.

- During the half-year 1,888,333 options were exercised and converted into shares.

Board and Management Changes

During the half-year the following Board and management changes were made:

- Travis Dillon as Non-Executive Chairman effective 27 July 2020
- Dr Gregory Robinson and Dr John Ryals retired from the Board effective 27 July 2020
- Kara King was appointed as the Company Secretary and Chief Financial Officer effective 5 October 2020
- Kate Adamson was appointed Marketing and Communications Manager effective 12 October 2020

Impact of COVID-19 pandemic on operations

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries throughout 2020 caused disruption to businesses and economic activity. The COVID-19 pandemic has had a negligible impact on the Group's operation and results. The Group has continued to grow from the prior financial year-end with sales and production activity in Australia continuing throughout the COVID-19 pandemic.

In response to COVID-19, both the Federal Government and the State Government of Victoria have implemented policies and measures with the aim of containing the virus. In an effort to contain the spread of the virus, the Victorian Government, on 2 August 2020, implemented Stage 4 restrictions in Melbourne and Stage 3 restrictions in regional Victoria with quarantine restrictions, travel restrictions, closure of businesses and other restrictive movement measures. Given the principal operating location is in Queensland, these measures had only a negligible impact on the business.

The Group received a \$50,000 cash boost grant from the Australian government during the half-year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the half financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Auditor's independence declaration

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

Signed in accordance with a resolution of directors made pursuant to s.306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Jim Cooper', with a long horizontal flourish underneath.

Jim Cooper
Managing Director
Melbourne, 25 February 2021

The Board of Directors
Terragen Holdings Ltd
Unit 6, 39 Access Crescent
Coolum Beach QLD 4573

25 February 2021

Dear Board Members,

Terragen Holdings Ltd

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Terragen Holdings Ltd.

As lead audit partner for the review of the financial statements of Terragen Holdings Ltd for the half-year year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Peter Glynn
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members of Terragen Holdings Limited

Conclusion

We have reviewed the half-year financial report of Terragen Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

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

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



Peter Glynn
Partner

Chartered Accountants
Melbourne, 25 February 2021

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Jim Cooper', with a horizontal line underneath.

Jim Cooper
Managing Director
Melbourne, 25 February 2021

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020

	Notes	Consolidated	
		31 Dec 20 \$	31 Dec 19 \$
Revenue	2	1,376,796	794,953
Other income	2	194,110	205,560
Accounting and audit expenses		(44,807)	(148,751)
Advertising and marketing expenses		(246,010)	(62,125)
ASX and share registry expenses		(48,019)	(69,992)
Computer costs		(65,375)	(27,867)
Consulting costs		(237,262)	(50,000)
Depreciation and amortisation expense	3	(246,588)	(201,480)
Direct research expenses		(318,689)	(422,741)
Employee benefits expense		(1,662,384)	(1,418,066)
Finance costs	4	(12,475)	(20,910)
Insurance costs		(88,271)	(8,015)
Initial public offering costs		-	(437,758)
Legal costs		(53,189)	(36,310)
Motor vehicle costs		(36,250)	(39,338)
Occupancy costs		(58,083)	(91,526)
Raw materials and consumables used		(289,367)	(214,151)
Share based payment expenditure		(1,664,734)	(6,500)
Transport costs		(153,523)	(76,974)
Travel and accommodation		(14,446)	(82,182)
Other expenses		(24,095)	(241,998)
Loss before tax		(3,692,661)	(2,656,171)
Income tax benefit		281,608	296,060
Loss after income tax for the half-year		(3,411,053)	(2,360,111)
Other comprehensive losses for the half-year			
Loss on translation of foreign operations		(96)	(8)
Total comprehensive loss for the half-year		(3,411,149)	(2,360,119)
Loss per share			
Basic and diluted loss per share (cents per share)	14	(1.82)	(2.05)

The accompanying notes form part of these financial statements.

Condensed consolidated statement of financial position at 31 December 2020

	Notes	Consolidated	
		31 Dec 20 \$	30 Jun 20 \$
Current assets			
Cash and cash equivalents	15	14,098,638	16,378,408
Trade and other receivables		169,021	391,882
Inventories		58,191	64,155
Other current assets	6	311,115	185,448
Current tax asset	7	799,545	517,938
Total current assets		15,436,510	17,537,831
Non-current assets			
Right of use assets	8	324,074	397,837
Property, plant and equipment	9	856,647	776,779
Intangible assets		159,565	132,290
Other assets		122,256	122,256
Total non-current assets		1,462,542	1,429,162
Total assets		16,899,052	18,966,993
Current liabilities			
Trade and other payables		885,519	1,173,764
Borrowings	10	163,817	221,321
Employee provisions		181,509	219,825
Total current liabilities		1,230,845	1,614,910
Non-current liabilities			
Borrowings	10	197,382	254,985
Employee provisions		71,601	54,543
Total non-current liabilities		268,983	309,528
Total liabilities		1,499,828	1,924,438
Net assets		15,399,224	17,042,555
Equity			
Issued capital	11	41,954,511	41,560,581
Reserves	12	2,974,178	1,636,894
Accumulated losses		(29,529,465)	(26,154,920)
Total equity		15,399,224	17,042,555

The accompanying notes form part of these financial statements.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2020

Consolidated	Issued capital	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
2019				
Balance at 1 July 2019	22,222,619	(21,264,148)	1,877,793	2,836,264
Loss after income tax benefit for the half-year	-	(2,360,111)	-	(2,360,111)
Other comprehensive losses for the half-year	-	-	(8)	(8)
Total comprehensive income for the half-year	-	(2,360,111)	(8)	(2,360,119)
<i>Transactions with owners in their capacity as owners</i>				
Issue of share capital	20,050,000	-	-	20,050,000
Capital raising costs	(914,457)	-	-	(914,457)
Options exercised or lapsed in relation to employee incentive arrangements	206,096	34,843	(240,939)	-
Balance at 31 December 2019	41,564,258	(23,589,416)	1,636,846	19,611,688
2020				
Balance at 1 July 2020	41,560,581	(26,154,920)	1,636,894	17,042,555
Loss for the half-year	-	(3,411,053)	-	(3,411,053)
Other comprehensive losses	-	-	(96)	(96)
Total comprehensive losses for the half-year	-	(3,411,053)	(96)	(3,411,149)
<i>Transactions with owners in their capacity as owners</i>				
Options exercised or lapsed in relation to employee incentive arrangements	393,930	36,508	(327,354)	103,084
Fair value of share options issued	-	-	1,664,734	1,664,734
Balance at 31 December 2020	41,954,511	(29,529,465)	2,974,178	15,399,224

The accompanying notes form part of these financial statements.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2020

	Consolidated	
	31 Dec 20	31 Dec 19
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers	1,706,651	1,043,559
Payments to suppliers and employees	(3,842,908)	(3,379,465)
Interest and other costs of finance paid	(12,475)	(8,999)
Interest received	68,005	16,477
Government grants received	93,005	
Research and development tax concessions received	-	645,322
Net cash used in operating activities	(1,987,722)	(1,683,106)
Cash flows from investing activities		
Payment for property, plant & equipment	(250,169)	(94,433)
Payment for intangible assets	(29,800)	(47,753)
Net cash used in investing activities	(279,969)	(142,186)
Cash flows from financing activities		
Proceeds from issue of share capital, net of costs	-	20,050,000
Capital raising costs	-	(914,457)
Proceeds from conversion of share options	103,083	-
Repayments of borrowings	(38,308)	(39,723)
Repayment of lease liabilities	(76,798)	(78,406)
Net cash provided by financing activities	(12,023)	19,017,414
Net (decrease) / increase in cash and cash equivalents	(2,279,714)	17,192,122
Cash and cash equivalents at the beginning of the year	16,378,408	1,837,241
Foreign exchange difference on cash and cash equivalents	(56)	-
Cash and cash equivalents at the end of the half-year	14,098,638	19,029,363

The accompanying notes form part of these financial statements.

1. Significant accounting policies

The financial statements are for the consolidated Group, consisting of Terragen Holdings Limited (the company) and its controlled subsidiaries. Terragen Holdings Ltd is a company Limited by shares whose shares are publicly traded on the Australian Securities Exchange (ASX).

(i) Basis of preparation

The consolidated interim financial report for the half-year reporting period ended 31 December 2020 is a general-purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The principal accounting policies and methods of computation adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year, as set out in the annual financial report for the year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The consolidated financial statements have been prepared based on historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. Comparatives have been reclassified where appropriate to ensure consistency and comparability with current period. The consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Terragen Holdings Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(ii) New accounting standards and interpretations

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. None of the new and revised Standards and amendments thereof and Interpretations that became effective for the current half-year were applicable or material to the Group:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

(iii) Impacts of COVID-19

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 caused disruption to businesses and economic activity. However, as noted in the 'Impact of COVID-19 pandemic on operations' section of the Directors' Report, the Board and Management have continued consideration of the impact of COVID-19 on the consolidated entity's operations and financial performance and have noted that the Group has not been materially impacted. The COVID-19 pandemic has had a negligible impact on the Group's operations or results. The Group achieved significant sales growth throughout the 2020 calendar year with sales and production activity in Australia continuing throughout the COVID-19 pandemic.

In an effort to contain the spread of the virus, the Victorian Government, on 2 August 2020, implemented Stage 4 restrictions in Melbourne and Stage 3 restrictions in regional Victoria with quarantine restrictions, travel restrictions, closure of businesses and other restrictive movement measures. Given the principal operating location is in Queensland, these measures had only a negligible impact of the business.

The Group received a \$50,000 cash boost grant from the Australian government related to COVID-19 during the half-year.

1. Significant accounting policies (continued)

(iv) Impacts of COVID-19 (continued)

In preparing the consolidated financial report, Management has considered the impact of COVID-19 on the various balances in the financial report, including the carrying values of trade receivables and finite life non-current assets. Management determined that there was no significant impact of COVID-19 on the abovementioned balances and accounting estimates.

2. Revenue and other income	Half-year ended 31 Dec	
	2020	2019
	\$	\$
Sale of goods	1,376,796	794,953
Other income		
Grant Income	76,105	158,143
Interest received	68,005	16,477
COVID-19 grant received	50,000	-
Other income	-	30,940
Total Other Income	194,110	205,560
Total revenue and other income	1,570,906	1,000,513

The COVID-19 grant received is the ATO cash flow boost of \$50,000. The Group did not receive any other COVID-19 related grants.

3. Depreciation and amortisation expense

Amortisation of Right-of-use assets (refer to note 6)	73,762	35,557
Amortisation of property, plant, and equipment (refer to note 7)	170,301	160,660
Amortisation of intangible assets	2,525	5,263
Total depreciation and amortisation expense	246,588	201,480

4. Finance Costs

Interest on bank overdrafts and loans	-	1,585
Interest on lease liabilities	7,673	17,094
Other finance costs	4,802	2,231
	12,475	20,910

5. Operating segments

i. Segment performance

The following tables present revenue and loss information for the Group's operating segments for half-year ended 30 December 2020 and 30 December 2019, respectively.

	Australia	New Zealand	TOTAL
31 December 2020	\$	\$	\$
Total segment revenue	1,240,457	136,339	1,376,796
Segment other income	68,005	-	68,005
Segment expenditure	(3,280,105)	(129,135)	(3,409,240)
Segment result	(1,971,643)	7,204	(1,964,439)

Reconciliation of segment result to Group loss before tax:

Depreciation expense	(246,588)
Provision for expected credit losses	56,995
Share based payment expenditure	(1,664,734)
Other income	126,105
Net loss before tax	(3,692,661)

	\$	\$	\$
31 December 2019			
Total segment revenue	641,542	153,411	794,953
Segment other income	16,477	-	16,477
Segment expenditure	(3,239,714)	(175,092)	(3,414,806)
Segment result	(2,581,695)	(21,681)	(2,603,376)

Reconciliation of segment result to Group loss before tax:

Depreciation expense	(201,480)
Provision for expected credit losses	(33,898)
Share based payment expenditure	(6,500)
Other income	189,083
Net loss before tax	(2,656,171)

5. Operating segments (continued)

ii. Segment assets

The following tables present assets and liabilities information for the Group's operating segments as at 31 December 2020 and 30 June 2020, respectively.

	Australia	New Zealand	Total
31 December 2020	\$	\$	\$
Segment assets	16,484,632	414,420	16,899,052
30 June 2020			
Segment assets	18,713,496	253,497	18,966,993

	31 Dec 20	30 Jun 20
6. Other current assets	\$	\$
Deposits and guarantees	109,398	109,398
Prepayments	201,717	76,050
	311,115	185,448

Prepayments at 31 December 2020 relate principally to prepaid insurance premiums. Security deposits relate to leased properties as disclosed in Note 8 and deposits held as security against a corporate credit card facility.

7. Current tax assets

Tax incentive on research and development	799,545	517,938
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Movements in the tax incentive due during the half-year are set out below:

Opening balance at the start of the reporting period	517,938	645,321
Tax incentive on research and development received	-	(645,321)
Accrual of tax incentive for the half-year	281,608	517,938
Closing balance at the end of the reporting period	799,545	517,938

	Buildings	Motor vehicles	Research equipment	Total
	\$	\$	\$	\$
8. Right-of-use assets				
<u>Cost</u>				
Balance at 1 July 2020	411,244	217,543	109,289	738,076
Additions	-	-	-	-
At 31 December 2020	411,244	217,543	109,289	738,076
Accumulated depreciation				
Balance at 1 July 2020	85,272	149,457	105,510	340,239
Charge for the half-year	49,714	20,269	3,779	73,762
At 31 December 2020	134,986	169,726	109,289	414,001
Carrying amount at 31 December	276,258	47,817	-	324,074

The consolidated entity leases several assets including buildings, motor vehicles and plant and equipment used in manufacturing and research and development activities.

The following amounts were recognised in the loss for the half-year in relation to right-of-use assets:

	Half -year ended 31 Dec	
	2020	2019
	\$	\$
Depreciation expense on right of use assets	73,762	35,557
Interest expense on lease liabilities	7,673	17,094

	31 Dec 20	30 Jun 20
	\$	\$
9. Property, plant and equipment		
<u>Carrying amounts of:</u>		
Plant and equipment	222,544	59,654
Office equipment	12,834	3,044
Motor Vehicles	67,776	78,987
Research equipment	204,159	288,371
Leasehold improvements	349,334	346,723
Written down value	856,647	776,779

9. Property, plant and equipment (continued)

Movements in carrying amounts

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

	Plant & equipment	Office equipment	Motor vehicles	Research equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance 1 July 2020	242,450	66,937	88,471	590,975	446,298	1,435,131
Additions	177,390	8,986	-	4,546	59,247	250,169
Balance 31 December 2020	419,840	75,923	88,471	595,521	505,545	1,685,300
Accumulated depreciation						
Balance 1 July 2020	(182,796)	(63,893)	(9,484)	(302,604)	(99,575)	(658,352)
Depreciation	(14,500)	(2,089)	(11,210)	(85,865)	(56,637)	(170,301)
Balance 31 December 2020	(197,296)	(65,982)	(20,694)	(388,469)	(156,212)	(828,653)
Written down value	222,544	9,941	67,777	207,052	349,333	856,647

10. Borrowings

Current – at amortised cost

Insurance premium funding

Lease liabilities

31 Dec 20
\$

30 Jun 20
\$

-

38,021

163,817

183,300

163,817

221,321

Non-current – at amortised cost

Lease liabilities

197,382

254,985

197,382

254,985

31 Dec 20
\$

30 Jun 20
\$

11. Issued capital

Ordinary shares

41,954,511

41,560,581

41,954,511

41,560,581

11. Issued capital (continued)

	31 Dec 20	30 Jun 20	31 Dec 20	30 Jun 20
<u>Ordinary shares -issued and fully paid</u>	shares	shares	\$	\$
Beginning of the period	186,820,902	104,508,902	41,560,581	22,200,119
Issue of shares	-	80,200,000	-	20,050,000
Shares issued on the exercise of options	1,888,333	1,112,000	393,930	206,096
Shares issued on conversion of “B” Class shares	-	1,000,000	-	22,500
Capital raising costs	-	-	-	(918,134)
Balance at period end	188,709,235	186,820,902	41,954,511	41,560,581

	31 Dec 20	30 Jun 20
	\$	\$
12. Reserves		
Share based payments reserve	2,460,442	1,123,062
Equity options reserve	513,792	513,792
Foreign currency translation reserve	(56)	40
Total reserves	2,974,178	1,636,894

Movements in reserves during the half-year comprised:

	31 Dec 20	30 Jun 20
	\$	\$
Balance at the beginning of the half-year	1,636,894	1,877,793
Gant date fair value of employee options issued	1,664,734	-
Grant date fair value of employee options exercised transferred to share capital	(290,846)	(206,096)
Gant date fair value of lapsed employee options	(36,508)	(34,843)
Loss on translation of foreign operations	(96)	40
Balance at the end of the half-year	2,974,178	1,636,894

(a) Share based payment reserve

	Half-year ended	
	31 Dec-20	
<u>Options issued:</u>	No.	\$
Outstanding at the beginning of the half-year	6,895,000	1,123,062
Issued during the half-year (i)	8,000,000	1,664,734
Exercised during the half- year	(1,845,000)	(290,846)
Lapsed during the half-year	(150,000)	(36,508)
Outstanding at the end of the half-year	12,900,000	2,460,442

12. Reserves (Continued)

(i) In December 2020, the Group issued 8,000,000 options over ordinary shares across three tranches as follows:

- Tranche 1 - 1,000,000 options exercisable at \$0.25 with an expiry date of 14 December 2025. The options have a fair value of \$277,125.
- Tranche 2 - 2,000,000 options exercisable at \$0.50 with an expiry date of 14 December 2025. The options have a fair value of \$466,493.
- Tranche 3 - 5,000,000 options exercisable at \$1.00 with an expiry date of 14 December 2025. The options have a fair value of \$921,116.

No consideration was received by the Group in relation to those options.

(b) Equity options reserve

	Half-year ended 31 Dec 20	
	Options	\$
Options issued:		
Outstanding at the beginning of the year	12,314,043	513,792
Grant date fair value of employee options exercised transferred to share capital	(43,333)	-
Outstanding at the end of the half-year	12,270,710	513,792

13. Loss per share

Both the basic and diluted loss per share have been calculated using the loss for the half-year. The reconciliation of the weighted average number of shares for the purpose of diluted loss per share to the weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

	Half-year ended 31 Dec	
	2020	2019
	\$	\$
Loss attributable to the owners of the Company	(3,411,053)	(2,360,111)
	2020	2019
	No.	No.
Weighted average number of shares used in basic loss per share	187,739,788	115,112,359
Weighted average number of shares used in diluted loss per share (i)	187,739,788	115,112,359

- (i) There were no potential ordinary shares that are considered dilutive as they did not meet the requirements for inclusion as per AASB 133 Earnings per share since the Group generated losses for the half-year ended 31 December 2020.

14. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the half year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.