



28 February 2018

Company Announcements Office
Australian Stock Exchange
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir

Please find attached the Company's announcement of its interim results for the 2017/18 year, for immediate release to the market.

Included in this announcement are ASX Appendix 4D and the Half Yearly Report for the period to 31 December 2017.

Yours faithfully

Mr Richard Caldwell
Managing Director

GREATCELL SOLAR LIMITED

Appendix 4D

Half Year Report Period Ended 31 December 2017

Results for announcement to the Market

	<u>Percentage Change</u>		<u>\$'000</u>
Revenue from ordinary activities	16% decrease	to	647
Loss after income tax from continuing operations	10% decrease	to	(3,580)
Net loss for the period attributable to owners	10% decrease	to	(3,577)

Dividends

	Amount per security	Percentage Franked
Current period:		
Interim Dividend	Nil	N/A
Date the Dividend is Payable:		N/A
Record Date for determining entitlements to the Dividend:		N/A
Prior corresponding period:		
Interim Dividend	Nil	N/A

Net Tangible Assets per Security

As at 31 December 2017	(\$0.001)
As at 31 December 2016	\$0.011

The interim financial report of Greatcell Solar Limited for the half-year ended 31 December 2017 is subject to a disclaimer of conclusion in the Independent Auditor's Review Report.

The disclaimer of conclusion relates to the Group's ability to continue as a going concern given the statement by directors in Note 2 in the Financial Report that additional capital will be required to do so.

The Group's independent auditor, Grant Thornton Audit Pty Ltd has stated that these requirements indicate the existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern and therefore are unable to form a conclusion on the financial report.

The Independent Auditor's Review Report is contained on page 24 of the interim financial report.



Half Year Financial Report

31 December 2017



greatcellsolar
Global leaders in hi-tech solar

Greatcell Solar Limited • ABN: 92 111 723 883 • T: +61 2 6299 1592 • F: +61 2 6299 1698
3 Dominion Place (PO Box 6212) • Queanbeyan NSW 2620 • Australia • www.greatcellsolar.com

CONTENTS

	Page
Directors' Report	2
Auditor's Independence Declaration	7
Interim Financial Report	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Cash Flows	10
Consolidated Statement of Changes in Equity	11
Notes to the Consolidated Financial Statements	13
Directors' Declaration	23
Independent Auditor's Review Report	24

This interim financial report does not include all the 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 2017 and any public announcements made by Greatcell Solar Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Operations Review

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

The directors present their report on the consolidated entity consisting of Greatcell Solar Limited and its controlled entities for the half-year ended 31 December 2017 and the auditor's review report thereon:

1. DIRECTORS

The directors of the Company during the half-year and up to the date of this report are:

Name	Period of directorship
Mr Ian Neal <i>Non-Executive Chairman</i>	Appointed Non-executive Chairman 5 May 2014, previously Non-Executive Director since 8 September 2006
Mr Richard Caldwell <i>Managing Director</i>	Appointed Managing Director 5 May 2014, previously Executive Chairman since 18 March 2005
Mr Gordon Thompson <i>Non-Executive Director</i>	Non-executive Director since 9 November 2004
Mr Robert McIntyre <i>Non-Executive Director</i>	Non-executive Director since 13 March 2015

2. RESULTS

The result of the consolidated entity for the half-year ended 31 December 2017 was a loss after income tax of \$3,579,582 (2016: \$3,988,845).

3. REVIEW OF ACTIVITIES

The outlook for renewable energy in Australia continues to improve, albeit still in a rather meandering, uncoordinated way. New commercial PV solar projects are being installed at a record rate. At a recent roundtable at ANU in January the overwhelming comment from a cross section of industry and academic participants was that energy policy is still very underdeveloped and the absence of bipartisan agreement on policy and harmonisation with the states means that significant, long-term investment remains very apprehensive and partly sidelined. Certainly, there is ample room for further policy development and implementation and, in the absence of government leadership, it is where universities, for example, should fill the void. The proposed Snowy Hydro No.2 project also occupied a considerable part of the discussion and, to be fair to the federal government, was generally positively perceived. Internationally, we are observing similar trends. New projects are being installed at a record rate and in more and more countries. The trend is strongly driven by the Paris Accord of 2016.

The Finkel Review by the Chief Scientist released in mid-2017 has also provided positive momentum and further helped brush aside the few remaining neo-conservative barnacles inhibiting progress on tackling climate change. Most, if not all, the negative arguments have been exposed for their lack of scientific substantiation and as thinly disguised attempts to protect the fossil fuel industry. However, until an immutable Clean Energy Target is agreed upon and adopted we will lag much of the world in seizing new energy as an opportunity to address climate change and create a substantial new industry in Australia. Clearly, though, the states recognise this situation and have partly filled the policy gap.

Operational Highlights for the First Half Fiscal Year 2018

- Perhaps, the most significant development in Perovskite Solar Cell (PSC) R&D during the 1HFY2018 was the emergence of the alternative P-I-N architecture as a credible alternative to Porous Carbon (PC). Although PC has its roots in EPFL owned IP, it is frequently overlooked in academic circles because it has lower conversion efficiency, despite significantly better stability. The academic world is fuelled by higher and higher efficiencies irrespective of their industrial potential. Hence, our focus initially on PC – meeting all significant IEC 61215 tests. However, P-I-N has the strong prospect of delivering both high industrial efficiency and long-term stability. For example, P-I-N cells are now being produced to achieve efficiencies of 20% or more. In an important industrialisation step, we have already translated this progress into high performing, Au-free cells. So far we have observed little or no thermal degradation at 85 °C and ongoing light-soaking testing is very encouraging. P-I-N is a potential 'knock-out' solution to both glass (Sheet-To-Sheet) and flexible (Roll-To-Roll) substrate applications.

Operations Review

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

- The Major Area Demonstration (MAD) project that has benefitted from the advanced manufacturing expertise input of VDL ETG has taken further important steps forward, although the final financing arrangements have not been agreed and are subject to concluding negotiation between GSL, CSIRO and Government. There is not any major issue about participation and support, but it is more about navigating through various administrations, particularly as our project is somewhat bespoke. It is, however, considered to be very beneficial on all conventional assessment criteria and we are confident of getting all parties to sign-off very soon. In the meantime, we have begun orders for significant capital equipment, especially where there are long lead times. Negotiations have commenced with CBA, our lead banker, to provide a competitive capital equipment leasing package to lessen our capital needs.
- We are always keenly focussed on minimising shareholder dilution and the \$6 million ARENA grant provides considerable leverage on the \$2.7 million shareholder equity raising and \$2.4 million convertible notes from Tasnee. It is very gratifying and a testimony to our fortitude and world leading technology that 5 years of negotiation and evaluation had a very positive conclusion. Importantly, retail shareholders were in good company in the capital raising with strategic shareholder, Tasnee also strongly supportive of our next stage of scale-up and commercialisation. Given that all the new funding qualifies for ATO R&D rebate, the new funding, if carefully managed, translates into around \$15 million of new development funds. GSL is entering a scale that can transform our vision into commercial reality.
- We were pleased to successfully conclude our rebranding exercise where the Company's name(s) changed from Dyesol to Greatcell Solar. Marine Andre (Investor Relations) and Luca Sorbello (Sales) were principally responsible for the project which spanned actions such as a website upgrade, new product packaging and considerable trademark registrations around the globe. Our stakeholders appear very pleased with the way this activity was conducted and it heralds a new era in scale-up and commercialisation for our 3rd generation PSC PV technology.
- From an operational headcount perspective and in order to better effectively drive our expenditure, we have lowered the number of employees from approximately 60 to 50 in the past 12 months. The key drivers have been (a) the shift from R&D to scale-up and commercialisation and (b) outsourcing a considerable amount of legacy research activities to collaboration partners such as EPFL, NTU and Solliance. We continue, however, to attract ongoing grant assistance in flagship projects such as Horizon 2020 - Apolo, meaning we have sacrificed none of our credibility and technology performance, despite a lower cost base. We are also very pleased that we have retained our entire management team, maintaining continuity with all key stakeholder relationships.

Financial Results for the Half-Year Fiscal Year 2018

- The result for the half-year shows an improvement with a reduction in the Company net loss after income tax from continuing operations by \$409k (10.3%) compared to the same period last year. The major contributing factors included:
 - ✓ An increase of grant income by \$573k (mainly derived from the Cooperative Research Centre Project \$463k).
 - ✓ A decrease in technical expenses by \$294k due to restructuring in the R&D team reducing headcount whilst optimising R&D operations to focus on scale-up and next-generation technology development in conjunction with partners. The extensive capital expenditure expected as part of the MAD scale-up activity is linked to associated grant drawdown payment schedules, and did not occur in the period under consideration.
 - ✓ A decrease by \$85k of gross margin from lower sales revenue (last year's included a notional sales revenue recognition amount of \$188k of deferral income for a prototype manufacturing facility contract where Greatcell Solar has fulfilled its obligations).
 - ✓ A decrease by \$347k of R&D Tax offset cash rebate under the FY2018 R&D Tax Incentive (refundable tax offset) compared against last year.
- During the half year, the Company received \$3.76m cash rebate from the Federal Government for its R&D activities during FY 2017. An accrual of \$1.9m (Note 7) under the FY2018 R&D Tax Incentive (refundable tax offset) has been made based on the Company's R&D expenditures for the last six months.

Operations Review

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

- Net cash usage from operating and investing activities for the 6 months, excluding R&D tax rebates (\$3.76m) was \$692k average per month; this net cash usage however decreased significantly to \$66k average per month with the inclusions of the R&D tax rebates cash recovery (\$3.76m) and the grant receipts of \$1.3m.
- The Company's balance sheet at the end of the half-year reporting period showed total net assets of \$140k, a decrease by \$1.0m during the six months from the last annual financial year end, mainly due to an increase by \$1.0m of deferred income in relation to grants, a six-monthly FY2018 R&D tax rebates accrual of \$1.9m compared to \$3.9m of an annualised FY2017 R&D tax rebates amount; offset by reduction in borrowings by \$1.7m.
- Cash balance as at half-year end was \$929k. Since the end of the half-year period, the Company received its next quarterly drawdown of \$810k from its CBA finance facility, leaving \$2.38M available for future drawdown.
- In addition, the Company is expecting to receive from New Moonie Petroleum Pty Limited a total of \$4m cash deposit, for their GSL share investment at 22 cents per share, although a final date has not been determined. Current indications are that the payment will occur in March 2018.
- As a result of several awarded grant funding projects for its R&D activities, the Company is expecting to receive significant cash deposits amounting to a total of \$3.0m for the period to 30 June 2018 upon deliverables of successful milestones.
- The first Tranche of \$600k cash contribution from Tasnee's convertible notes (total \$2.4m) is planned for an earlier drawdown during March 2018, instead of April 2018.
- In response to CSIRO's recent expression of investment interest at the 2017 AGM, Greatcell has recently entered discussions with CSIRO to increase their level of equity interest.

Operations Review

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independence declaration by the lead auditor under section 307C is included on page 7 to these half-year financial statements.

Dated at Sydney, New South Wales, this 28th day of February 2018.

Signed in accordance with a resolution of the directors:



Richard Caldwell
Managing Director

Level 17, 383 Kent Street
Sydney NSW 2000

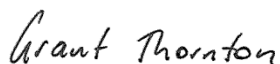
Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration To the Directors of Greatcell Solar Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Greatcell Solar Limited for the half-year ended 31 December 2017. I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



S M Coulton
Partner – Audit & Assurance

Sydney, 28 February 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Consolidated Statement of Profit or Loss and other Comprehensive Income

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

		HALF-YEAR	
	Note	31 DECEMBER 2017 \$	31 DECEMBER 2016 (RE-STATED) \$
Revenue from sale of goods and services		647,012	770,519
Cost of sales		(202,813)	(241,321)
Gross profit		444,199	529,198
Interest revenue		2,926	26,662
Other income	5	2,351,639	2,125,757
Technical expenses		(3,887,744)	(4,181,715)
Administration and corporate expenses		(1,894,125)	(1,993,068)
Marketing expenses		(405,895)	(356,355)
Finance costs		(50,629)	(23,685)
Intellectual property expenses		(180,338)	(152,991)
Share of profit/(loss) of associate		3,681	(2,705)
Loss before income tax benefit	6	(3,616,286)	(4,028,902)
Income tax benefit		36,704	40,057
Net loss for the half-year		(3,579,582)	(3,988,845)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		313,138	59,131
Other comprehensive income for the period, net of tax		313,138	59,131
Total comprehensive loss for the half-year		(3,266,444)	(3,929,714)
Loss for the half-year is attributable to:			
Owners of Greatcell Solar Limited		(3,576,731)	(3,986,001)
Non-controlling interest		(2,851)	(2,844)
		(3,579,582)	(3,988,845)
Total comprehensive loss for the half-year is attributable to:			
Owners of Greatcell Solar Limited		(3,263,855)	(3,926,891)
Non-controlling interest		(2,589)	(2,823)
		(3,266,444)	(3,929,714)
Loss per share			
Basic and diluted loss per share (cents)		(0.94)	(1.08)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	31 DECEMBER 2017 \$	30 JUNE 2017 \$
ASSETS			
Current assets			
Cash and cash equivalents		928,576	994,987
Trade and other receivables	7	2,207,023	4,555,169
Inventories		690,094	600,503
Other current assets		188,034	170,607
Total current assets		4,013,727	6,321,266
Non-current assets			
Property, plant and equipment		836,465	758,114
Intangible assets	8	572,308	686,769
Investment in associate		117,166	113,485
Total non-current assets		1,525,939	1,558,368
Total assets		5,539,666	7,879,634
LIABILITIES			
Current liabilities			
Trade and other payables		2,900,035	2,407,039
Lease liabilities	9	175,894	204,684
Borrowings	10	810,000	2,500,000
Provisions		722,987	779,170
Total current liabilities		4,608,916	5,890,893
Non-current liabilities			
Other payables		179,865	170,871
Lease liabilities	9	86,217	162,533
Provisions		339,951	285,045
Deferred tax liability		184,674	221,608
Total non-current liabilities		790,707	840,057
Total liabilities		5,399,623	6,730,950
Net assets		140,043	1,148,684
EQUITY			
Contributed equity	11	110,348,456	108,160,700
Reserves		8,189,886	7,806,963
Accumulated losses		(118,388,370)	(114,811,639)
Capital and reserves attributable to owners of Greatcell Solar Limited		149,972	1,156,024
Non-controlling interest		(9,929)	(7,340)
Total equity		140,043	1,148,684

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

		HALF-YEAR	
	Note	31 DECEMBER 2017 \$	31 DECEMBER 2016 \$
Cash flows from operating activities			
Cash receipts from customers		561,639	665,435
Cash payments to suppliers and employees		(5,897,976)	(6,091,171)
R&D tax rebate received		3,756,467	3,844,972
Interest received		2,788	16,685
Interest paid		(58,682)	(22,582)
Grants received		1,277,344	247,044
Net cash used in operating activities		(358,420)	(1,339,617)
Cash flows from investing activities			
Payments for plant and equipment		(76,377)	(239,950)
Loans to related parties		-	(140,000)
Loans repaid by related parties		40,000	112,500
Net cash outflow from investing activities		(36,377)	(267,450)
Cash flows from financing activities			
Proceeds from the issue of shares	11	2,678,066	-
Proceeds from borrowings		2,110,000	275,668
Repayment of borrowings		(3,888,320)	(84,249)
Transaction costs related to loans and borrowings		(72,526)	-
Purchase of Treasury shares	11	(490,310)	(168,596)
Net cash inflow from financing activities		336,910	22,823
Net (decrease)/ increase in cash and cash equivalents held		(57,887)	(1,584,244)
Effect of exchange rates on cash holdings in foreign currencies		(8,524)	80,748
Cash and cash equivalents at the beginning of the period		994,987	4,560,518
Net cash at end of period		928,576	3,057,022

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

			Reserves					
	Contributed equity \$	Accumulated losses \$	Equity-settled benefit \$	Foreign currency translation reserve \$	Other reserve \$	Total \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2016	108,329,352	(107,151,187)	6,781,291	(305,524)	798,887	8,452,819	(1,450)	8,451,369
Total comprehensive income for the half-year								
Loss for the half-year	-	(3,986,001)	-	-	-	(3,986,001)	(2,844)	(3,988,845)
Other comprehensive income								
Foreign currency translation reserve differences	-	-	-	59,110	-	59,110	21	59,131
Total comprehensive income for the half-year	-	(3,986,001)	-	59,110	-	(3,926,891)	(2,823)	(3,929,714)
Transaction with owners, in their capacity as owners								
Share-based payment expense	-	-	318,144	-	-	318,144	-	318,144
Treasury shares purchase	(168,596)	-	-	-	-	(168,596)	-	(168,596)
Total transactions with owners	(168,596)	-	318,144	-	-	149,548	-	149,548
At 31 December 2016	108,160,756	(111,137,188)	7,099,435	(246,414)	798,887	4,675,476	(4,273)	4,671,203
Total comprehensive income for the half-year								
Loss for the half-year	-	(3,674,451)	-	-	-	(3,674,451)	(2,971)	(3,677,422)
Other comprehensive income								
Foreign currency translation reserve differences	-	-	-	(164,356)	-	(164,356)	(96)	(164,452)
Total comprehensive income for the half-year	-	(3,674,451)	-	(164,356)	-	(3,838,807)	(3,067)	(3,841,874)
Transaction with owners, in their capacity as owners								
Share-based payment expense	-	-	319,411	-	-	319,411	-	319,411
Treasury shares purchase	(56)	-	-	-	-	(56)	-	(56)
Total transactions with owners	(56)	-	319,411	-	-	319,355	-	319,355
At 30 June 2017	108,160,700	(114,811,639)	7,418,846	(410,770)	798,887	1,156,024	(7,340)	1,148,684

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

			Reserves					
	Contributed equity \$	Accumulated losses \$	Equity-settled benefit \$	Foreign currency translation reserve \$	Other reserve \$	Total \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2017	108,160,700	(114,811,639)	7,418,846	(410,770)	798,887	1,156,024	(7,340)	1,148,684
Total comprehensive income for the half-year								
Loss for the half-year	-	(3,576,731)	-	-	-	(3,576,731)	(2,851)	(3,579,582)
Other comprehensive income								
Foreign currency translation reserve differences	-	-	-	312,877	-	312,877	262	313,139
Total comprehensive income for the half-year	-	(3,576,731)	-	312,877	-	(3,263,854)	(2,589)	(3,266,443)
Transaction with owners, in their capacity as owners								
Contributions of equity, net of transaction costs (Note 11)	2,678,066	-	-	-	-	2,678,066	-	2,678,066
Share-based payment expense	-	-	70,046	-	-	70,046	-	70,046
Treasury shares purchase (Note 11)	(490,310)	-	-	-	-	(490,310)	-	(490,310)
Total transactions with owners	2,187,756	-	70,046	-	-	2,257,802	-	2,257,802
At 31 December 2017	110,348,456	(118,388,370)	7,488,892	(97,893)	798,887	149,972	(9,929)	140,043

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

These general purpose financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. The historical cost basis has been used.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by Greatcell Solar Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements except for the following:

Changes in accounting policy

For financial reporting purposes, the Research and Development Tax Offset, also known as the R&D Tax Incentive can be analogised as a government grant or an income tax. For the prior year, the Company uses the income tax approach (AASB 112) i.e. the R&D Tax Incentive reduces the tax liability of the entity. Applying AASB 112, the tax benefit is presented within the tax line below profit before tax in the Statement of Profit or Loss and Other Comprehensive Income.

On the basis that the R&D tax offset has been received as a cash refund, the Directors believe that it is akin to a government grant and therefore are of the opinion that accounting for the R&D offset under *AASB120 Accounting for Government Grants and Disclosure of Government Assistance*, results in the financial statements providing more relevant information. For the half-year reporting period ended 31 December 2017, the Company has adopted the Government Grant approach (AASB 120) i.e. a credit will be recognised in profit before tax over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. This reclassification has been performed by restating the affected financial statement line items for prior periods as follows:

Statement of profit or loss and other comprehensive income (extract)	31 December 2016		
	Previous amount	Adjustment	Restated amount
	\$	\$	\$
R&D Tax Offset Cash Rebate (Other income in Note 5)	-	2,044,972	2,044,972
Loss before income tax benefit	(6,073,874)	2,044,972	(4,028,902)
Income tax benefit	2,085,029	(2,044,972)	40,057
Net loss for the half-year	3,988,845	-	3,988,845

These half-year financial statements were approved by the Board of Directors on 28th February 2018.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis.

The Group incurred an operating loss after income tax for the half-year of \$3,579,582 (2016: \$3,988,845) and an operating net cash outflow of \$358,420 (2016: \$1,339,617) for the half-year ended 31 December 2017. At the end of the half-year reporting period, cash balances totalled \$928,576 (30 June 2017: \$994,987).

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. In order for Greatcell Solar to continue as a going concern and further progress the development of its technology and intellectual property, and in particular the accelerated development of Perovskite Solar Cell technology scale up activities, additional capital will be required. Greatcell Solar has previously raised capital when required and the Directors expect the Company will be successful in raising the required additional capital in future.

The Directors have initiated the following strategies to secure the going concern status and have determined that these accounts should be prepared on a going concern basis as these strategies are anticipated to be successful:

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

(a) Government funding support

The Company continues active dialogue with Government agencies in Australia and overseas institutions to seek additional grant funding for its R&D activities.

(b) Financial institution support

The Company has commenced negotiations with a leading Australian bank on leasing/ financing options available to assist in the purchase of the larger capital cost plant and equipment required for our MAD prototyping facility.

(c) R&D Tax Offset Finance Facility

The Company has established a \$4.0 million Financing Facility with the CBA that allows an advanced drawdown of up to 90% of accrued Research and Development Tax Offset credits. The eligible R&D tax offset cash rebate expected from the ATO for the financial year ending 30 June 2018 forms the primary security for the Facility.

(d) Tasnee Convertible Notes

The issue of 2,400,000 Tasnee Convertible Notes will occur in four equal tranches of \$600,000 on the dates as follows: Tranche 1 – 31 March 2018; Tranche 2 – 90 days after the issue date for the Tranche 1 Notes; Tranche 3 – 180 days after the issue date for the Tranche 1 Notes; and Tranche 4 – 270 days after the issue date for the Tranche 1 Notes.

(e) Other funding mechanisms

In addition to the initiatives set out in (a) to (d) above, the Directors continue to look at various sources of funding support and other long term investment options to provide the working capital required to implement Greatcell Solar's Technology Development Plan, successful completion of which, the Directors believe, will create a pathway to achieve successful commercialisation and business development. This includes the announced subscription agreement with New Moonie Pty Ltd for an amount of \$4M that is yet to achieve the release of funds per the original agreement. Until longer term funding is secured and received additional funding will continue to be required and the Board will select the most appropriate strategic investment options to support activities.

Based on the factors outlined above the Directors have prepared this financial report on a going concern basis. Accordingly the financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

3. ESTIMATES

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017.

4. SEGMENT REPORTING

Operating segments have been determined on the basis of reports reviewed by the executive management committee. The executive management committee ("committee") is considered to be the chief operating decision maker of the group. The committee considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis.

Information provided to the executive management committee

Segment information provided to the board for the half-year ended 31 December 2017 is as follows:

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

4. SEGMENT REPORTING (CONTINUED)

Product information

	Glass & Equipment		Metal Strip		R & D Materials		Total	
	31 Dec 2017 \$	31 Dec 2016 \$	31 Dec 2017 \$	31 Dec 2016 \$	31 Dec 2017 \$	31 Dec 2016 \$	31 Dec 2017 \$	31 Dec 2016 \$
Segment revenue								
Total segment revenue	154,919	253,283	-	-	549,871	382,292	704,790	635,575
Inter-segment revenue	(7,410)	(22,162)	-	-	(50,368)	(30,448)	(57,778)	(52,610)
Segment revenue from external customers	147,509	231,121	-	-	499,503	351,844	647,012	582,965
Net loss	(628,416)	(941,724)	(883,828)	(888,646)	(1,374,145)	(2,172,482)	(2,886,389)	(4,002,852)

The executive management committee monitors segment performance based on net loss before income tax.

Other segment information								
Non-cash expenses other than depreciation and amortisation	2,626	17,266	7,410	48,396	16,653	111,398	26,689	177,060
Share of net loss of associate included in net loss	-	-	-	-	3,681	(2,705)	3,681	(2,705)

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

4. SEGMENT REPORTING (CONTINUED)

Other segment information

Segment revenue

Product segment revenue reconciles to total revenue from sales of goods and services:

	31 DECEMBER 2017 \$	31 DECEMBER 2016 \$
Total segment revenue	704,790	635,575
Inter segment revenue	(57,778)	(52,610)
Other segment revenue		
Technical services	-	187,554
Total revenue from sale of goods and services	647,012	770,519
Net Loss		
Net loss reconciles to loss before income tax as follows:		
Total segment net loss	(2,886,389)	(4,002,852)
Unallocated corporate and other business units income and expenses		
R&D Tax Offset cash rebate	1,697,995	2,044,972
Depreciation and amortisation	(259,940)	(283,472)
Employment cost	(747,314)	(587,914)
Share based payment	(43,357)	(141,085)
Marketing expenses	(147,176)	(91,071)
Foreign currency (losses)/gain	(15,391)	6,210
Unrealised foreign exchange losses	(58,911)	(86,222)
Interest paid	(50,629)	(23,685)
Interest income	2,926	26,662
Finance charges	(76,617)	(41,347)
Intellectual property expenses	(65,877)	(29,877)
Professional fees	(295,785)	(243,787)
Legal fees	(48,122)	(4,450)
Board, secretarial & other expenses	(394,738)	(460,281)
Share of losses of associate	3,681	(2,705)
Other	(230,642)	(107,998)
Loss before income tax from continuing operations	(3,616,286)	(4,028,902)

Segment assets

Segment assets are not required to be disclosed because they are not provided to the chief operating decision maker.

Segment liabilities

Segment liabilities are not required to be disclosed because they are not provided to the chief operating decision maker.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

4. SEGMENT REPORTING (CONTINUED)

Geographical information

The Group operates in four major geographical segments, being Australia, Asia and Europe (including Switzerland, Italy and the UK) and North America, being where the customers are based.

Segment information provided to the executive management committee for the half-year ended 31 December 2017 is as follows:

	Australia		Europe		North America		Asia		Total	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue										
Total segment revenue	11,760	48,534	476,939	354,759	79,013	74,470	326,694	551,893	894,406	1,029,656
Inter segment revenue	-	-	(225,082)	(218,275)	-	-	(22,312)	(40,862)	(247,394)	(259,137)
Segment revenue from external customers	11,760	48,534	251,857	136,484	79,013	74,470	304,382	511,031	647,012	770,519

Segment revenue

The segment revenue reconciles directly to total revenue from continuing operations and therefore no reconciliation is required.

Segment assets

Segment assets are allocated to countries based on where the assets are located.

	31 DECEMBER 2017 \$	31 DECEMBER 2016 \$
5. OTHER INCOME		
R&D Tax offset cash rebate	1,697,995	2,044,972
Government and other grants	628,072	80,282
Other income	25,572	503
Total other income	2,351,639	2,125,757
6. EXPENSES		
Loss before income tax includes the following expenses:		
Borrowing costs		
Interest expense	50,629	23,685
Share-based payments		
Share based payments to company employees/director	70,046	318,144

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	31 DECEMBER 2017 \$	30 JUNE 2017 \$
7. TRADE AND OTHER RECEIVABLES		
Trade receivable, gross	186,720	91,009
Loans, gross	-	50,861
R & D tax rebate receivable*	1,881,869	3,940,341
Other receivables	138,434	472,958
	2,207,023	4,555,169
8. INTANGIBLE ASSETS		
Intellectual property and patents, at cost	3,791,610	3,791,610
Less: Accumulated amortisation	(3,150,071)	(3,035,610)
Less: Impairment Loss	(69,231)	(69,231)
	572,308	686,769
Customer contracts	-	528,780
Less: Accumulated amortisation	-	(528,780)
Total intangible assets	572,308	668,769
9. LEASE LIABILITIES		
Secured lease liabilities		
Current	175,894	204,684
Non-current	86,217	162,533
	262,111	367,217
<i>Term deposits pledged as security</i>		
A Master Asset Finance Facility (MAFF) for a total limit of \$234,000 was effected to assist in the financing of the business and plant operating equipment. A Term Deposit of \$236,103 was provided to the bank as security for the MAFF.		

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	31 DECEMBER 2017 \$	30 JUNE 2017 \$
10. BORROWINGS		
<i>Current</i>		
Financing Facility – secured	810,000	2,500,000

Security details

The Company has established a \$4 million Financing Facility with the Commonwealth bank that allows an advanced drawdown of up to 90% of accrued Research and Development Tax Offset credits. The eligible R&D tax offset cash rebate expected from the ATO for the financial year ending 30 June 2018 forms the primary security for the Facility. The financing facility incurs a line fee of 4.3% p.a. on the Facility Limit, and a Liquidity Fee of BBSY (Bank Bill Benchmark Rate for the Funding Period) plus 0.25% p.a. on amounts drawn down.

The Commonwealth bank has the following securities in place for this Facility:

1. General Security Interest over the following companies:

- ✓ Greatcell Solar Ltd
- ✓ Greatcell Solar Australia Pty Ltd
- ✓ Greatcell Solar Industries Pty Ltd

This charge captures all present and after acquired property within these entities.

2. Corporate guarantees are held from the subsidiary entities.

	Number	\$
11. EQUITY SECURITIES ISSUED		
Issue of ordinary shares during the half-year:		
Balance at 1 July 2016	370,812,058	108,329,352
863,974 Treasury shares purchase @\$0.195 average per share*	(863,974)	(168,652)
Issue of 758,715 Treasury shares on exercise of performance rights @\$0.249 average per share	758,715	-
Balance at 30 June 2017	370,706,799	108,160,700
Balance at 1 July 2017	370,706,799	108,160,700
Issue of shares for cash pursuant to the Company' Share Purchase Plan Offer at \$0.18 per share	15,114,703	2,720,600
Transaction costs of share issue	-	(42,534)
	385,821,502	110,838,766
2,578,532 Treasury shares purchase @\$0.1902 average per share*	(2,578,532)	(490,310)
Issue of 805,439 Treasury shares on exercise of performance rights @\$0.237 average per share*	805,439	-
Balance at 31 December 2017	384,048,409	110,348,456

* Treasury shares are shares in Greatcell Solar Limited that are held by "AET SFS Pty Ltd" for the purpose of issuing shares under the Greatcell Solar Limited Performance Rights Plan. During the period, the Company acquired 2,578,532 of its own shares at a cost of \$490,310 for the purpose of making awards under the Greatcell Solar Limited Employee Performance Right Plans ("Plan") and these shares have been classified in the balance sheet as Treasury shares within equity. 805,439 shares have been allotted to various employees upon vesting of their performance rights during the period.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	31 DECEMBER 2017	31 DECEMBER 2016
11. EQUITY SECURITIES ISSUED (CONTINUED)	\$	\$
Earnings per share		
Reconciliation of earnings to profit or loss		
Loss attributable to owners of Greatcell Solar Limited used to calculate earnings per share	(3,576,731)	(3,986,001)

The calculation of basic loss per share at 31 December 2017 was based on the loss attributable to owners of Greatcell Solar Limited (\$3,352,082) (2017: \$3,986,001) and a weighted average number (W.A.N.) of ordinary shares outstanding at 31 December 2017 of 379,492,238 (2016: 370,217,987) shares calculated as follows:

	31 DECEMBER 2017		31 DECEMBER 2016	
	Actual No.	W.A.N	Actual No.	W.A.N
Issued ordinary shares at beginning of period	370,706,799	370,706,799	370,812,058	370,812,058
Effect of shares issued pursuant to placement	15,114,703	10,021,705	-	-
	385,821,502	380,728,504	370,812,058	370,812,058
Effect of Treasury shares purchase	(2,578,532)	(1,371,967)	(863,679)	(721,898)
Effect of Treasury shares issued	805,439	135,701	758,715	127,827
Balance at the end of period	384,048,409	379,492,238	370,707,094	370,217,987

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

12. SHARE-BASED PAYMENTS

Employee Performance Rights

During the half-year the Company granted the following performance rights in relation to the Greatcell Solar Performance Rights Plan:

- 3,075,000 performance rights issued to employees

All performance rights were granted for nil consideration over unissued ordinary shares.

The vesting periods are from 12 to 36 months from date of grant and vesting will be subject to a "market-based vesting condition" (TSR Relative Hurdle) and "non-market based service conditions" i.e. KPI and Service conditions.

Vesting Conditions

The vesting conditions applicable to the 3,075,000 performance rights issued to employees are as follows:

Tranche 1: Up to 1,076,250 of the Performance Rights will vest on 7 December 2018, determined by the assessment of individual performance against individual KPIs in the financial year 1 July 2017 to 30 June 2018.

Tranche 2: Up to 768,750 of the Performance Rights will vest on 6 December 2019, if Greatcell Solar's Total Shareholder Return outperforms the S&P/ASX Small Ordinaries Index over the measurement period 1 July 2017 to 30 June 2019 (TSR Hurdle).

Tranche 3: Up to 1,230,000 of the Performance Rights will vest on 4 December 2020 if the Service condition for this tranche is met.

In addition to the Performance Vesting Conditions above, the participant must have uninterrupted employment with Greatcell Solar from Grant Date until Vesting Date (for each Tranche) for the Performance Rights (of each Tranche) to vest (Service Condition).

Fair value of performance rights granted

The fair value of the 3,075,000 performance rights granted to employees was calculated at the date of grant using the Monte Carlo valuation approach for the performance rights subject to a market vesting condition (TSR Hurdle), and using the Binomial Approximation Option Pricing valuation approach for the performance rights subject to non-market vesting conditions, and was allocated to each reporting period evenly over the period from grant date to vesting date. In valuing the performance rights, market conditions have been taken into account. The following table gives the assumptions made in determining the fair value of these performance rights on grant date:

Description	Tranche 1	Tranche 2	Tranche 3
Grant date	15 December 2017	15 December 2017	15 December 2017
Number of performance rights	1,076,250	768,750	1,230,000
Vesting date	7 December 2018	6 December 2019	4 December 2020
Exercise price	\$0.00	\$0.00	\$0.00
Price of shares on grant date	\$0.185	\$0.185	\$0.185
Estimated volatility	60.00%	60.00%	60.00%
Risk-free interest rate	1.80%	1.91%	2.02%
Dividend yield	0%	0%	0%

Based on the approach and assumptions detailed above, the estimated fair value of performance rights issued to employees is as follows:

Tranche 1	Tranche 2	Tranche 3
\$0.185	\$0.0923	\$0.1851

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

13. CONTINGENT LIABILITIES

The Directors believe that there are no material contingent liabilities related to the parent entity or the group at the end of the reporting period.

14. CAPITAL COMMITMENTS

The Group currently has capital commitments of \$90,504 for plant and equipment purchases.

15. SUBSEQUENT EVENTS

During February 2018 at the request of ASX, the performance rights totalling 1,331,522 issued to its Managing Director, Mr Richard Caldwell was cancelled. The reason for the cancellation is that one of the terms of shareholder approval was that the performance rights were to be issued within 10 business days of shareholder approval, which occurred at the Company's AGM held on 23 November 2017. Due to a combination of circumstances, the performance rights were not issued until 17 January 2018, which was outside the 10 business day period.

Directors' Declaration

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2017

The Directors of the Company declare that:

1. the financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion, subject to the matters described in Note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the Board of Directors and is signed for and behalf of the directors by:



Ian Neal, Chairman

Dated at Sydney, New South Wales, this 28th day of February 2018

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report To the Members of Greatcell Solar Limited

Report on the Half Year Financial Report

Disclaimer of Conclusion

We were engaged to review the half year financial report of Greatcell Solar Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Due to the significance of the matter described in the *Basis for Disclaimer Conclusion* section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a conclusion on these consolidated financial statements.

Basis for Disclaimer of Conclusion

We draw attention to note 2 in the financial report which indicates the consolidated entity incurred a net loss after income tax of \$3,579,582 and an operating net cash outflow of \$400,954 during the half-year ended 31 December 2017. As at 31 December 2017 cash and cash equivalents amounted to \$928,576. In Note 2, the directors have outlined a number of initiatives to raise capital that they anticipate will be successful in order to continue as a going concern and further progress the development of its technology and intellectual property.

These matters, along with other matters as set forth in Note 2, indicate the existence of material uncertainty that cast significant doubt about the Group's ability to continue as a going concern and whether it will realise its assets and discharge its liabilities in the normal course of business. We have been unable to obtain sufficient evidence as to the likelihood that the initiatives to raise capital as described in Note 2 will be achieved in the required timeframe. Accordingly, we have been unable to conclude on the Group's ability to continue as going concern for a period of at least twelve months from the date of this review report. As a result of these uncertainties we are unable to express a conclusion on the financial report as a whole.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

Directors Responsibility for the Half Year Financial Report

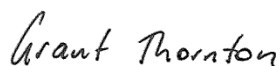
The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review, in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. However, because of the matter described in the Basis for Disclaimer of Conclusion section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for a conclusion on the financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



S M Coulton
Partner - Audit & Assurance

Sydney, 28 February 2018