

Endless Solar Corporation Limited

ABN 51 122 708 061

Preliminary Report - 30 June 2019

Endless Solar Corporation Limited
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30 June 2019

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Endless Solar Corporation Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Revenue	2	352,402	223,461
Other income	3	68,203	533,412
Interest revenue calculated using the effective interest method		-	34
Expenses			
Cost of goods sold		(26,574)	(97,505)
Administration expenses		(221,141)	(302,820)
Depreciation and amortisation expense		(32,238)	(4,296)
Finance costs		(29,004)	(15,122)
Profit before income tax expense		111,648	337,164
Income tax expense		-	-
Profit after income tax expense for the year attributable to the owners of Endless Solar Corporation Limited		111,648	337,164
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Endless Solar Corporation Limited		<u>111,648</u>	<u>337,164</u>
		Cents	Cents
Basic earnings per share		0.29	1.45
Diluted earnings per share		0.23	0.85

Refer to note 1 for detailed information on Restatement of comparatives.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Endless Solar Corporation Limited
Statement of financial position
As at 30 June 2019

	Note	2019 \$	Consolidated 2018 \$	2017 \$
Assets				
Current assets				
Cash and cash equivalents	4	1,092	2,776	69,413
Trade and other receivables	5	-	95,000	1,703
Inventories	6	-	34,402	99,319
Total current assets		<u>1,092</u>	<u>132,178</u>	<u>170,435</u>
Non-current assets				
Receivables	7	-	135,080	189,353
Other financial assets	8	494,670	426,467	132,458
Property, plant and equipment	9	-	32,238	36,531
Intangibles	10	2,072,127	1,763,506	1,653,784
Other	11	69,891	69,891	-
Total non-current assets		<u>2,636,688</u>	<u>2,427,182</u>	<u>2,012,126</u>
Total assets		<u>2,637,780</u>	<u>2,559,360</u>	<u>2,182,561</u>
Liabilities				
Current liabilities				
Trade and other payables	12	168,424	237,892	388,583
Borrowings	13	265,902	-	-
Provisions	14	-	21,613	21,613
Total current liabilities		<u>434,326</u>	<u>259,505</u>	<u>410,196</u>
Non-current liabilities				
Borrowings		<u>1,169,893</u>	<u>1,377,942</u>	<u>1,187,616</u>
Total non-current liabilities		<u>1,169,893</u>	<u>1,377,942</u>	<u>1,187,616</u>
Total liabilities		<u>1,604,219</u>	<u>1,637,447</u>	<u>1,597,812</u>
Net assets		<u>1,033,561</u>	<u>921,913</u>	<u>584,749</u>
Equity				
Issued capital		2,278,627	2,278,627	2,278,627
Reserves		-	265,812	265,812
Accumulated losses		<u>(1,245,066)</u>	<u>(1,622,526)</u>	<u>(1,959,690)</u>
Total equity		<u>1,033,561</u>	<u>921,913</u>	<u>584,749</u>

Refer to note 1 for detailed information on Restatement of comparatives.

The above statement of financial position should be read in conjunction with the accompanying notes

Endless Solar Corporation Limited
Statement of changes in equity
For the year ended 30 June 2019

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	2,278,627	265,812	(1,959,690)	584,749
Profit after income tax expense for the year	-	-	337,164	337,164
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	337,164	337,164
Balance at 30 June 2018	<u>2,278,627</u>	<u>265,812</u>	<u>(1,622,526)</u>	<u>921,913</u>

Refer to note 1 for detailed information on Restatement of comparatives.

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	2,278,627	265,812	(1,622,526)	921,913
Profit after income tax expense for the year	-	-	111,648	111,648
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	111,648	111,648
Transfers	-	(265,812)	265,812	-
Balance at 30 June 2019	<u>2,278,627</u>	<u>-</u>	<u>(1,245,066)</u>	<u>1,033,561</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Endless Solar Corporation Limited
Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		482,642	125,998
Payments to suppliers and employees (inclusive of GST)		<u>(339,634)</u>	<u>(492,727)</u>
		143,008	(366,729)
Interest received		-	34
Interest and other finance costs paid		<u>(29,004)</u>	-
Government grants received		-	239,403
Income taxes paid		<u>-</u>	<u>(19,949)</u>
Net cash from/(used in) operating activities		<u>114,004</u>	<u>(147,241)</u>
Cash flows from investing activities			
Payments for intangibles	10	<u>(308,621)</u>	<u>(109,721)</u>
Net cash used in investing activities		<u>(308,621)</u>	<u>(109,721)</u>
Cash flows from financing activities			
Net proceeds from borrowings		<u>192,933</u>	<u>190,324</u>
Net cash from financing activities		<u>192,933</u>	<u>190,324</u>
Net decrease in cash and cash equivalents		(1,684)	(66,638)
Cash and cash equivalents at the beginning of the financial year		<u>2,776</u>	<u>69,414</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>1,092</u></u>	<u><u>2,776</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2019

Note 1. Restatement of comparatives

Correction of errors

The 30 June 2018 audited financial statements included errors that have been corrected in the current period.

- Deferred tax balance were incorrectly recognised when it is not probable that they would be recognised;
- Goodwill was incorrectly recognised when it should have already been impaired; and
- The consolidated entity had over a number of years incorrectly recognised R&D tax offset received (totalling \$1,703,648) in statement of comprehensive income when it related to capitalised development expenditure. This should have been offset against the value of the asset.

	2018	Consolidated	2018
	\$	\$	\$
	Reported	Adjustment	Restated
Revenue	223,461	-	223,461
Other income	533,412	-	533,412
Interest revenue calculated using the effective interest method	34	-	34
Expenses			
Cost of goods sold	(97,505)	-	(97,505)
Administration expenses	(302,820)	-	(302,820)
Depreciation and amortisation expense	(4,296)	-	(4,296)
Finance costs	(15,122)	-	(15,122)
Profit before income tax expense	337,164	-	337,164
Income tax expense	(2,361)	2,361	-
Profit after income tax expense for the year attributable to the owners of Endless Solar Corporation Limited	334,803	2,361	337,164
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year attributable to the owners of Endless Solar Corporation Limited	<u>334,803</u>	<u>2,361</u>	<u>337,164</u>
	Cents	Cents	Cents
	Reported	Adjustment	Restated
Basic earnings per share	0.84	0.61	1.45
Diluted earnings per share	0.84	0.01	0.85

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2019

Note 1. Restatement of comparatives (continued)

Statement of financial position at the beginning of the earliest comparative period

	2017 \$ Reported	Consolidated \$ Adjustment	2017 \$ Restated
Assets			
Current assets			
Cash and cash equivalents	69,413	-	69,413
Trade and other receivables	1,703	-	1,703
Inventories	99,319	-	99,319
Total current assets	170,435	-	170,435
Non-current assets			
Receivables	189,353	-	189,353
Other financial assets	132,458	-	132,458
Property, plant and equipment	36,531	-	36,531
Intangibles	3,479,099	(1,825,315)	1,653,784
Deferred tax	299,516	(299,516)	-
Total non-current assets	4,136,957	(2,124,831)	2,012,126
Total assets	4,307,392	(2,124,831)	2,182,561
Liabilities			
Current liabilities			
Trade and other payables	388,583	-	388,583
Provisions	21,613	-	21,613
Total current liabilities	410,196	-	410,196
Non-current liabilities			
Borrowings	1,187,616	-	1,187,616
Total non-current liabilities	1,187,616	-	1,187,616
Total liabilities	1,597,812	-	1,597,812
Net assets	2,709,580	(2,124,831)	584,749
Equity			
Issued capital	2,278,627	-	2,278,627
Reserves	265,812	-	265,812
Retained profits/(accumulated losses)	165,141	(2,124,831)	(1,959,690)
Total equity	2,709,580	(2,124,831)	584,749

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2019

Note 1. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

	2018	Consolidated	2018
	\$	\$	\$
	Reported	Adjustment	Restated
Assets			
Current assets			
Cash and cash equivalents	2,776	-	2,776
Trade and other receivables	95,000	-	95,000
Inventories	34,402	-	34,402
Total current assets	132,178	-	132,178
Non-current assets			
Receivables	135,080	-	135,080
Other financial assets	426,467	-	426,467
Property, plant and equipment	32,238	-	32,238
Intangibles	3,588,821	(1,825,315)	1,763,506
Deferred tax	297,155	(297,155)	-
Other	69,891	-	69,891
Total non-current assets	4,549,652	(2,122,470)	2,427,182
Total assets	4,681,830	(2,122,470)	2,559,360
Liabilities			
Current liabilities			
Trade and other payables	237,892	-	237,892
Provisions	21,613	-	21,613
Total current liabilities	259,505	-	259,505
Non-current liabilities			
Borrowings	1,377,942	-	1,377,942
Total non-current liabilities	1,377,942	-	1,377,942
Total liabilities	1,637,447	-	1,637,447
Net assets	3,044,383	(2,122,470)	921,913
Equity			
Issued capital	2,278,627	-	2,278,627
Reserves	265,812	-	265,812
Retained profits/(accumulated losses)	499,944	(2,122,470)	(1,622,526)
Total equity	3,044,383	(2,122,470)	921,913

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2019

Note 2. Revenue

	Consolidated	
	2019	2018
	\$	\$
<i>Revenue from contracts with customers</i>		
Sales of goods	46,402	180,261
<i>Other revenue</i>		
Rent	306,000	43,200
Revenue	<u>352,402</u>	<u>223,461</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2019	2018
	\$	\$
<i>Major product lines</i>		
Solar products	<u>46,402</u>	<u>180,261</u>
<i>Geographical regions</i>		
Australia	<u>46,402</u>	<u>180,261</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>46,402</u>	<u>180,261</u>

Note 3. Other income

	Consolidated	
	2019	2018
	\$	\$
Net fair value gain on investments	68,203	294,009
Government grants	-	239,403
Other income	<u>68,203</u>	<u>533,412</u>

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	2019	2018
	\$	\$
Cash on hand	274	-
Cash at bank	818	2,776
	<u>1,092</u>	<u>2,776</u>

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2019

Note 5. Current assets - trade and other receivables

	Consolidated	
	2019	2018
	\$	\$
Trade receivables	-	95,000

Note 6. Current assets - inventories

	Consolidated	
	2019	2018
	\$	\$
Stock on hand - at cost	-	34,402

Note 7. Non-current assets - receivables

	Consolidated	
	2019	2018
	\$	\$
Receivable from related parties	-	135,080

Note 8. Non-current assets - other financial assets

	Consolidated	
	2019	2018
	\$	\$
Available for sales assets to - fair value through profit or loss	494,670	426,467

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2019

Note 9. Non-current assets - property, plant and equipment

	Consolidated	
	2019	2018
	\$	\$
Plant and equipment - at cost	58,896	19,711
Less: Accumulated depreciation	(58,896)	(17,002)
	<u>-</u>	<u>2,709</u>
Fixtures and fittings - at cost	3,912	3,912
Less: Accumulated depreciation	(3,912)	(3,276)
	<u>-</u>	<u>636</u>
Motor vehicles - at cost	28,182	28,182
Less: Accumulated depreciation	(28,182)	(23,661)
	<u>-</u>	<u>4,521</u>
Computer equipment - at cost	54,298	54,298
Less: Accumulated depreciation	(54,298)	(53,670)
	<u>-</u>	<u>628</u>
Leasing plant and equipment - at cost	-	39,185
Less: Accumulated depreciation	-	(15,441)
	<u>-</u>	<u>23,744</u>
	<u>-</u>	<u>32,238</u>

Note 10. Non-current assets - intangibles

	Consolidated	
	2019	2018
	\$	\$
Development - at cost	1,647,314	1,338,693
Patents and trademarks - at cost	424,813	424,813
	<u>2,072,127</u>	<u>1,763,506</u>

Note 11. Non-current assets - other

	Consolidated	
	2019	2018
	\$	\$
Rental deposits	<u>69,891</u>	<u>69,891</u>

Note 12. Current liabilities - trade and other payables

	Consolidated	
	2019	2018
	\$	\$
Trade and other payables	<u>168,424</u>	<u>237,892</u>

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2019

Note 13. Current liabilities - borrowings

	Consolidated	
	2019	2018
	\$	\$
Loan to related parties	<u>265,902</u>	<u>-</u>

Note 14. Current liabilities - provisions

	Consolidated	
	2019	2018
	\$	\$
Warranties	<u>-</u>	<u>21,613</u>

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

N/A

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement ~~does~~*does not** (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- | | |
|--|---|
| <input type="checkbox"/> The financial statements have been audited. | <input type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input checked="" type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed. |
5. If the accounts ~~have been or are being audited or subject to review~~ and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)
6. The issuer has~~does not have~~* (*delete one*) a formally constituted audit committee.

7.



13 September 2019

Sign here: Date:
(*Director/Company secretary*)

Cathy Lin

Print name: