

Endless Solar Corporation Limited

ABN 51 122 708 061

Interim Report - 31 December 2019

Endless Solar Corporation Limited
Corporate directory
31 December 2019

Directors	Mr. David H Craig – Chairman and Executive Director Mr. Chris Baring-Gould – Non Executive Director Ms Cathy Lin - Non Executive Director
Company secretary	Ms Cathy Lin
Registered office	Level 9 406 Collins Street, Melbourne Victoria 3000
Principal place of business	Level 9 406 Collins Street, Melbourne Victoria 3000
Share register	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000
Website	www.endless-solar.com.au
Stock exchange listing	Endless Solar Corporation Limited ordinary limited voting shares are listed on the National Stock

Endless Solar Corporation Limited
Directors' report
31 December 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Endless Solar Corporation Limited (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 2019.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$178,102 (31 December 2018: profit of \$804,328).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

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13 March 2020



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AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the review of Endless Solar Corporation Limited and its controlled entities (the "Group") for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Endless Solar Corporation Limited and its controlled entities (the "Group").

George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Melbourne, Victoria
Date 13 March 2020

Endless Solar Corporation Limited

Contents

31 December 2019

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	13
Independent auditor's review report to the members of Endless Solar Corporation Limited	14

General information

The financial statements cover Endless Solar Corporation Limited as a consolidated entity consisting of Endless Solar Corporation Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Endless Solar Corporation Limited's functional and presentation currency.

Endless Solar Corporation Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9
406 Collins Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 March 2020.

Endless Solar Corporation Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

		Consolidated	
	Note	Dec 19	Dec 18
		\$	\$
Revenue	2	186,656	28,597
Other income	3	-	910,196
Expenses			
Cost of goods sold		-	(9,079)
Administration expenses		(85,088)	(109,158)
Fair value loss on financial assets		(279,670)	-
Depreciation and amortisation expense		-	(9,286)
Finance costs		-	(6,942)
Profit/(loss) before income tax expense		(178,102)	804,328
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of Endless Solar Corporation Limited		(178,102)	804,328
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Endless Solar Corporation Limited		<u>(178,102)</u>	<u>804,328</u>
		Cents	Cents
Basic earnings per share	11	(0.45)	2.03
Diluted earnings per share	11	(0.45)	2.03

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 31 December 2019

	Note	Consolidated Dec 19 \$	Jun 19 \$
Assets			
Current assets			
Cash and cash equivalents		10,042	1,092
Total current assets		<u>10,042</u>	<u>1,092</u>
Non-current assets			
Financial assets at fair value through the profit and loss	4	215,000	494,670
Intangibles	5	2,226,427	2,072,127
Other		4,198	69,891
Total non-current assets		<u>2,445,625</u>	<u>2,636,688</u>
Total assets		<u>2,455,667</u>	<u>2,637,780</u>
Liabilities			
Current liabilities			
Trade and other payables		57,356	168,424
Borrowings	6	194,229	265,902
Total current liabilities		<u>251,585</u>	<u>434,326</u>
Non-current liabilities			
Borrowings	7	1,348,623	1,169,893
Total non-current liabilities		<u>1,348,623</u>	<u>1,169,893</u>
Total liabilities		<u>1,600,208</u>	<u>1,604,219</u>
Net assets		<u>855,459</u>	<u>1,033,561</u>
Equity			
Issued capital		2,278,627	2,278,627
Accumulated losses		<u>(1,423,168)</u>	<u>(1,245,066)</u>
Total equity		<u>855,459</u>	<u>1,033,561</u>

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 half-year ended 31 December 2019

Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	2,278,627	(1,356,894)	921,733
Profit after income tax expense for the half-year	-	804,328	804,328
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	804,328	804,328
Balance at 31 December 2018	<u>2,278,627</u>	<u>(552,566)</u>	<u>1,726,061</u>
Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	2,278,627	(1,245,066)	1,033,561
Loss after income tax expense for the half-year	-	(178,102)	(178,102)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(178,102)	(178,102)
Balance at 31 December 2019	<u>2,278,627</u>	<u>(1,423,168)</u>	<u>855,459</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 half-year ended 31 December 2019

	Consolidated	
	Dec 19	Dec 18
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	56,800	119,644
Payments to suppliers and employees (inclusive of GST)	(66,300)	(266,957)
	(9,500)	(147,313)
Interest and other finance costs paid	-	(6,942)
Refund of rental deposits	65,693	-
Net cash from/(used in) operating activities	56,193	(154,255)
Cash flows from investing activities		
Payments for intangibles	(154,300)	(185,909)
Net cash used in investing activities	(154,300)	(185,909)
Cash flows from financing activities		
Receipt of loans from associates	178,730	344,118
Repayment of borrowings	(71,673)	-
Net cash from financing activities	107,057	344,118
Net increase in cash and cash equivalents	8,950	3,954
Cash and cash equivalents at the beginning of the financial half-year	1,092	2,776
Cash and cash equivalents at the end of the financial half-year	<u>10,042</u>	<u>6,730</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
31 December 2019

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The directors have prepared a cash flow which indicates that the company has sufficient funds to continue in the foreseeable future. These assumptions are based on certain economic and operating assumptions about future events and actions that have not yet occurred, and may not necessarily occur. Directors are confident that if necessary they will be able to raise sufficient capital to enable the continuation of operations until investment returns reach a volume to ensure a return to profitability and positive cash flows.

A director of the company has also issued a letter of financial support to the company for a period in excess of 12 months from the signing of the financial statements.

Note 2. Revenue

	Consolidated	
	Dec 19	Dec 18
	\$	\$
<i>Revenue from contracts with customers</i>		
Sales of goods	9,091	22,597
<i>Other revenue</i>		
Other revenue	177,565	6,000
Revenue	<u>186,656</u>	<u>28,597</u>

Note 3. Other income

	Consolidated	
	Dec 19	Dec 18
	\$	\$
Net fair value gain on financial assets	<u>-</u>	<u>910,196</u>

Note 4. Non-current assets - financial assets at fair value through the profit and loss

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Financial assets at fair value through profit or loss	<u>215,000</u>	<u>494,670</u>

A fair value loss of \$279,670 has been recognised in the current period. The impairment has been calculated based on the consolidated entity's share of the net tangible assets of the companies in which the investments are held.

Refer to note 9 for disclosure in relation to fair values measurement.

Note 5. Non-current assets - intangibles

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Development - at cost	<u>1,801,614</u>	<u>1,647,314</u>
Patents and trademarks - at cost	<u>424,813</u>	<u>424,813</u>
	<u><u>2,226,427</u></u>	<u><u>2,072,127</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Patents & trademarks	Development	Total
	\$	\$	\$
Consolidated			
Balance at 1 July 2019	424,813	1,647,314	2,072,127
Additions	-	154,300	154,300
	<u>424,813</u>	<u>1,801,614</u>	<u>2,226,427</u>

Note 6. Current liabilities - borrowings

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Loan from related parties	<u>194,229</u>	<u>265,902</u>

Note 7. Non-current liabilities - borrowings

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Unsecured loan from directors	<u>1,348,623</u>	<u>1,169,893</u>

Note 8. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - Dec 19				
<i>Assets</i>				
Listed investments *	-	168,000	-	168,000
Unlisted investments	-	-	47,000	47,000
Total assets	-	168,000	47,000	215,000
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - Jun 19				
<i>Assets</i>				
Listed investments *	301,110	-	-	301,110
Unlisted investments	-	-	111,600	111,600
Total assets	301,110	-	111,600	412,710

* The consolidated entity holds an investment in Authorised Investment Fund Ltd (ASX : AIY). AIY was suspended from the official list on 22 November 2019. For this reason it has been reclassified as level 2. The level 2 valuation has been calculated based on the consolidated entity's share of AIY's net assets.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

	Unlisted investments \$	Total \$
Consolidated		
Balance at 1 July 2019	111,600	111,600
Losses recognised in profit or loss	(64,600)	(64,600)
Balance at 31 December 2019	<u>47,000</u>	<u>47,000</u>

Note 10. Events after the reporting period

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Endless Solar Corporation Limited
Notes to the financial statements
31 December 2019

Note 11. Earnings per share

	Consolidated	
	Dec 19	Dec 18
	\$	\$
Profit/(loss) after income tax attributable to the owners of Endless Solar Corporation Limited	<u>(178,102)</u>	<u>804,328</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>39,625,095</u>	<u>39,625,095</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>39,625,095</u>	<u>39,625,095</u>
	Cents	Cents
Basic earnings per share	(0.45)	2.03
Diluted earnings per share	(0.45)	2.03

Endless Solar Corporation Limited
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in dark ink, consisting of a series of loops and a long horizontal stroke.

13 March 2020

Independent Auditor's Review Report

To the members of Endless Solar Corporation Limited

Report on the Condensed Half-year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of Endless Solar Corporation Limited and its controlled entities (the "Group").

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:

- Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the Half-year ended on that date; and
- Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The Half-year Financial Report comprises:

- Condensed consolidated statement of financial position as at 31 December 2019;
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Endless Solar Corporation Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Responsibilities of the Directors 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 Corporations Act 2001
- For such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility 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. We conducted 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, in order to state whether, on the basis of the procedures described, 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 2019 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Endless Solar Corporation Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

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



George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Melbourne, Victoria
Date: 13 March 2020