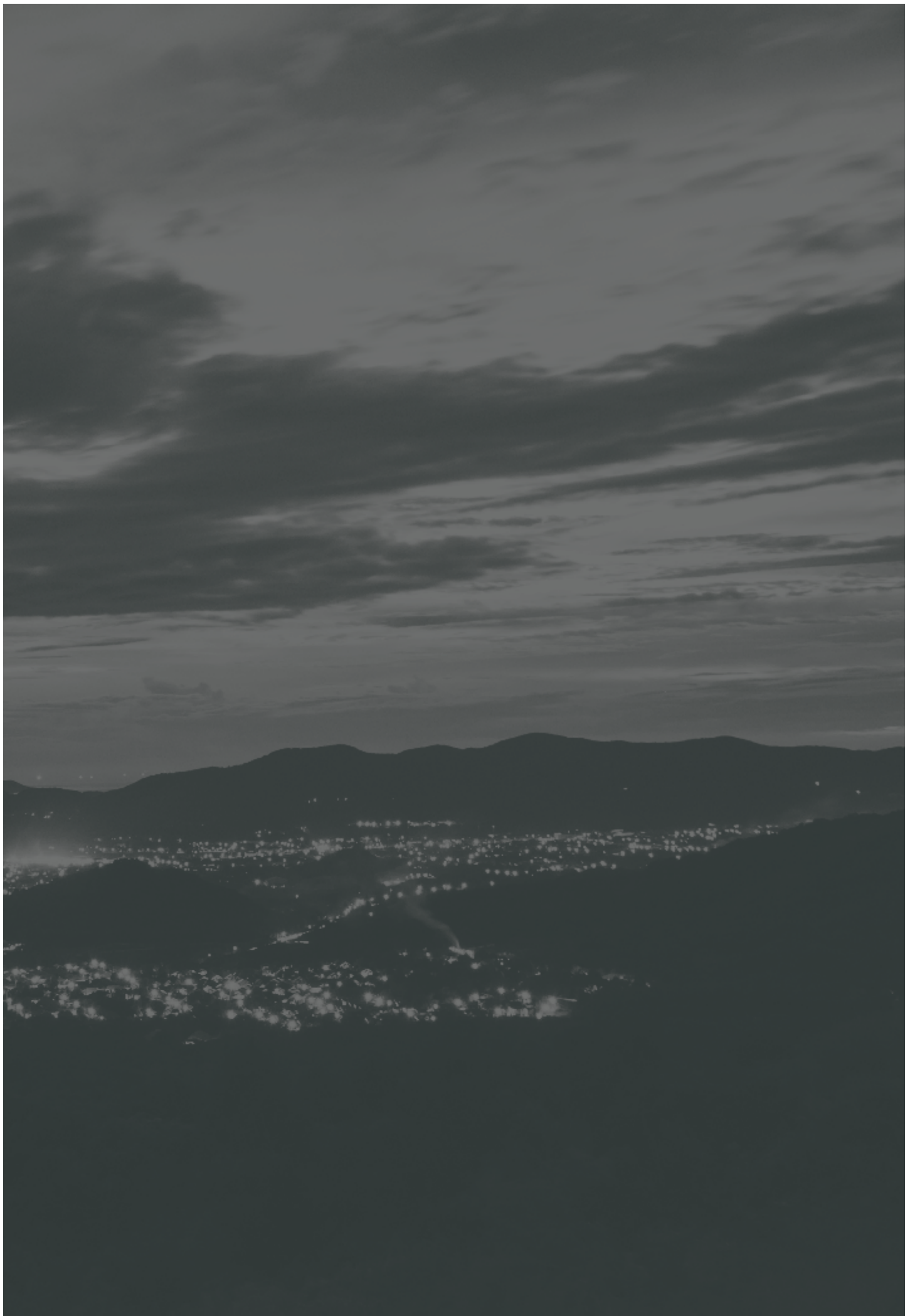




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ANNUAL REPORT  
**17/18**



## CORPORATE DIRECTORY

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### CURRENT DIRECTORS

Kevin Moriarty – Executive Chairman  
Robert Shepherd – Non Executive Director  
Dana Larson – Non Executive Director

### COMPANY SECRETARY

Richard Willson

### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

1414 Degrees Limited  
Level 4, 81 Flinders Street  
Adelaide SA 5000  
Telephone: +61 8 8357 8273

### SHARE REGISTRY

Computershare Investor Services Pty Limited  
Level 5, 115 Grenfell Street  
Adelaide SA 5000  
Telephone: +61 3 9415 4000  
Website: [www.computershare.com.au](http://www.computershare.com.au)

### SOLICITORS

HWL Ebsworth Lawyers  
Level 21, 91 King William Street  
Adelaide SA 5000

### PATENT & TRADE MARK ATTORNEYS

Madderns  
Level 4, 19 Gouger Street  
Adelaide SA 5000

### AUDITOR

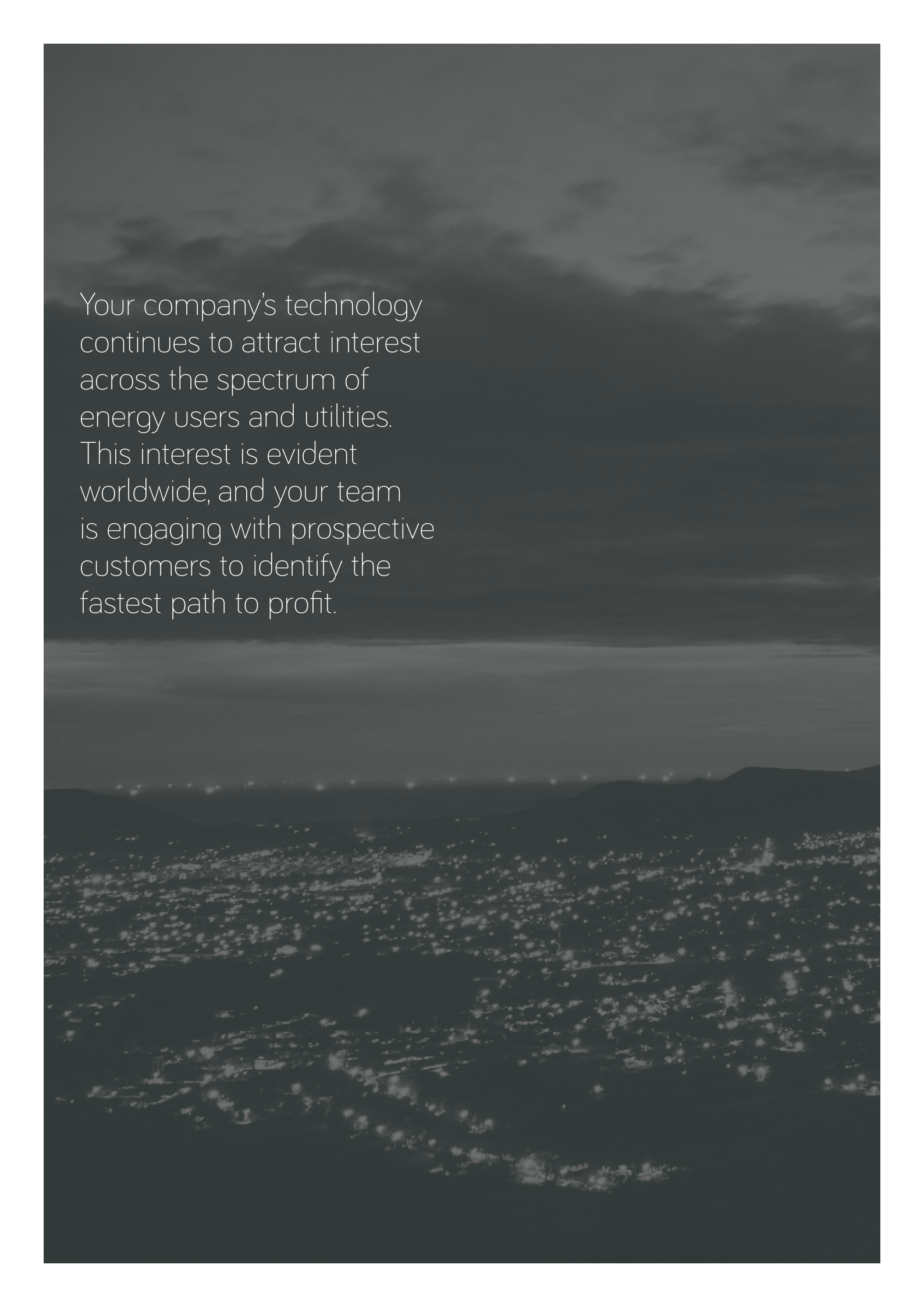
BDO Advisory (SA) Pty Ltd  
Level 7, 420 King William Street  
Adelaide SA 5000

### STOCK EXCHANGE

1414 Degrees Limited shares are quoted  
on the Australian Securities Exchange (**ASX:14D**)

### WEBSITE

[www.1414degrees.com.au](http://www.1414degrees.com.au)

An aerial night photograph of a city, likely San Francisco, showing a dense grid of lights reflecting on the water in the foreground. The city lights are bright against the dark night sky and the dark water. The text is overlaid on the upper left portion of the image.

Your company's technology  
continues to attract interest  
across the spectrum of  
energy users and utilities.  
This interest is evident  
worldwide, and your team  
is engaging with prospective  
customers to identify the  
fastest path to profit.



# Chairman's Letter to Shareholders



**Dr Kevin Moriarty**  
Executive Chairman

## DEAR SHAREHOLDERS,

I am pleased to report major growth for your company during the 2017-18 year. There has been a major effort by your corporate team to prepare for the successful IPO that closed in August, providing funding to advance our key projects.

Your company's technology continues to attract interest across the spectrum of energy users and utilities. This interest is evident worldwide, and your team is engaging with prospective customers to identify the fastest path to profit. We are confident of the GAS-TESS outlook in wastewater treatment, and are engaging with the waste management industry to capture energy from flared methane gas.

We continue to engage with energy utilities and companies for a site on which to build and test our 200 MWh TESS. Sites under evaluation range from Australia to the United States and United Kingdom. Our plan is to build a test cell then a 200 MWh module with potential expansion to a multi module facility up to 1 GWh.

Our TESS-IND is continuing through commissioning cycles following successful early stages that showed the turbine could be run on hot air from the energy store at much lower temperatures than expected. This will result in greater energy recovery with longer periods of electricity generation. We hope to demonstrate this to shareholders at the AGM that is to be held in our Lonsdale facility. I'm sure this will be a very interesting event for all shareholders that are able to attend.

As a start-up company, your team has evolved from various stakeholders including consultants, shareholders and casual staff, to employing 18 permanent team members over the year. The main component is our competent team of engineers; however, the corporate group is expanding to drive the board's vision for the business.

I would like to thank our long-standing shareholders for your continued support and welcome our many new shareholders. The funding provided will support the advancement of our technology, aiming to make it simpler and lower in cost to manufacture and operate, as well as increase our business development efforts globally.

I look forward to sharing further exciting announcements about our game changing technology and global opportunities over the coming year.

Yours sincerely,

**DR KEVIN MORIARTY**  
**EXECUTIVE CHAIRMAN**



**1414 DEGREES LIMITED**

**ACN 138 803 620**

**ANNUAL REPORT**

**FOR THE YEAR ENDED  
30 JUNE 2018**

1414 DEGREES LIMITED  
ACN 138 803 620  
ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2018

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**1414 DEGREES LIMITED**  
**ACN 138 803 620**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

The directors of 1414 Degrees Limited present their report on the company for the financial year ended 30 June 2018.

#### DIRECTORS

The following persons were directors of 1414 Degrees Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Kevin Charles Moriarty - Chairman  
Robert John Keith Shepherd  
Matthew Johnson (resigned 4 April 2018)  
Dana Larson (appointed 18 October 2017)  
Jeremy James Moore (resigned 14 October 2017)

#### COMPANY SECRETARY

Richard Willson (appointed 14 October 2017)  
Pierre Andre Van Der Merwe (resigned 13 October 2017)

#### PRINCIPAL ACTIVITIES

1414 Degrees Limited makes versatile Thermal Energy Storage Systems (TESS) that utilise the very high energy density of molten silicon to maximise efficiency and provide scalability, low cost, long life and flexible placement. The Company's TESS are designed to provide reliable, on-call heat and electricity from intermittent renewable energy sources including gas or electricity.

#### DIVIDENDS

No dividends have been paid during or since the financial year ended 30 June 2018.

#### REVIEW OF OPERATIONS

A summary of economic revenues and results is set out below:

The company's operating loss after income tax expense for the year ended 30 June 2018 was \$5,484,860 (2017: loss \$954,355).

During the year the company capitalised \$5,161,873 (2017: \$1,011,122) in the Development of its thermal energy storage system (TESS) and received a further \$1,461,070 (2017: \$60,000) relating to the Accelerating Commercialisation grant agreement. During the year this grant was fully applied to the capitalised development costs. The company also claimed R&D income tax incentive of \$2,313,591 (2017: \$459,748). In 2018 this amount was also applied to capitalised development costs.

#### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the twelve month period ending 30 June 2018 the company issued 36,107,973 shares raising \$5,847,854.

#### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In the period following the end of the Financial Year the Company closed its IPO raising \$16.3 million. It is expected that the Company will be quoted on the ASX in early September 2018.

Subsequent to 30 June 2018 the Company entered into a Loan Agreement and General Security Deed in relation to a R&D Loan Facility to assist the Company to meet its short term working capital requirements pending completion of the Initial Public Offer. Under the Loan Facility, the Company may borrow from the Lender up to \$1,600,000, being 80% of the Company's estimated FY17/18 research and development tax rebate from the Australian Taxation Office. At the date of authorisation of these financial statements \$1.3 million is drawn under the Loan Facility.

#### ENVIRONMENTAL REGULATION

The company is not subject to significant environmental regulations and is not aware of any breaches of any environmental regulations during the year.

#### MEETINGS OF DIRECTORS

The number of meetings of the board of directors (including board committees) held during the year ended 30 June 2018, and the number of meetings attended by each director are set out below:

Directors	Board		Committee	
	Held	Attended	Held	Attended
Kevin Moriarty	18	17	0	0
Robert Shepherd	18	18	0	0
Matthew Johnson (resigned 4 April 2018)	13	13	0	0
Dana Larson (appointed 18 October 2017)	9	8	0	0
Jeremy Moore (resigned 14 October 2017)	7	7	0	0

1414 DEGREES LIMITED  
ACN 138 803 620

DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018

**INDEMNIFICATION OF OFFICERS AND AUDITORS**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of 1414 Degrees Limited.

**DIRECTORS & OFFICERS INSURANCE**

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company for a premium of \$16,930. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which a company member is a party, for the purpose of taking responsibility on behalf of the company member for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Kevin Moriarty

Adelaide, this 3rd day of September 2018

1414 DEGREES LIMITED  
ACN 138 803 620

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 AU\$	2017 AU\$
Revenue	4	63,387	2,745
Administration and Professional Expenses		793,753	316,529
Occupancy Expenses		461,774	17,208
Marketing Expenses		165,142	157,873
Depreciation and Amortisation	5	24,533	-
Employee Benefits Expense		1,311,411	-
Share Based Payments	5	2,173,765	386,007
Directors Fees		79,575	-
Other Expenses		538,294	79,483
Finance Costs		-	-
<b>Profit / (Loss) before income tax</b>		<b>(5,484,860)</b>	<b>(954,355)</b>
Income tax benefit / (expense)	7	-	-
<b>Profit / (Loss) for the year</b>		<b>(5,484,860)</b>	<b>(954,355)</b>
<b>Other comprehensive income for the year</b>			
Items that will be reclassified subsequently to profit or loss:		-	-
		-	-
<b>Total comprehensive income for the year</b>		<b>(5,484,860)</b>	<b>(954,355)</b>

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

1414 DEGREES LIMITED  
ACN 138 803 620

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018

	Note	2018 AU\$	2017 AU\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	928,242	1,608,005
Trade and other receivables	9	2,480,610	483,226
Other current assets	10	406,015	-
<b>Total current assets</b>		<u>3,814,867</u>	<u>2,091,231</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	139,614	-
Intangible Assets	12	2,174,579	787,367
<b>Total non-current assets</b>		<u>2,314,193</u>	<u>787,367</u>
<b>Total assets</b>		<u>6,129,060</u>	<u>2,878,598</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	1,115,303	465,105
Provision for employee benefits		63,505	-
<b>Total current liabilities</b>		<u>1,178,808</u>	<u>465,105</u>
<b>Total liabilities</b>		<u>1,178,808</u>	<u>465,105</u>
<b>Net assets</b>		<u>4,950,252</u>	<u>2,413,493</u>
<b>EQUITY</b>			
Contributed equity	14	12,954,139	5,066,285
Share Based Payments Reserve	15	19,772	386,007
Accumulated losses		(8,023,659)	(3,038,799)
<b>Total equity</b>		<u>4,950,252</u>	<u>2,413,493</u>

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

1414 DEGREES LIMITED  
ACN 138 803 620

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 AU\$	2017 AU\$
<b>Cash flows from operating activities</b>			
Cash received from customers (incl GST)		51,257	-
Cash paid to suppliers and employees (inc GST)		(4,044,297)	(406,228)
Research & Development tax offset received		459,748	100,100
Government grants received		2,322,405	60,000
Interest received		9,290	2,745
<b>Net cash inflow/(outflow) from operating activities</b>	16	<u>(1,201,597)</u>	<u>(243,383)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(164,146)	-
Payments for product development activities		(5,161,873)	(1,064,264)
<b>Net cash inflow/(outflow) from investing activities</b>		<u>(5,326,019)</u>	<u>(1,064,264)</u>
<b>Cash flows from financing activities</b>			
Proceeds from call on convertible notes		-	125,027
Proceeds from the issue of shares		5,860,454	2,776,620
Payment of share issue costs		(12,600)	-
<b>Net cash inflow/(outflow) from financing activities</b>		<u>5,847,854</u>	<u>2,901,647</u>
Net increase/(decrease) in cash and cash equivalents		(679,762)	1,594,000
Cash and cash equivalents at beginning of period		1,608,005	14,005
<b>Cash and cash equivalents at end of period</b>	8	<u>928,243</u>	<u>1,608,005</u>

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

1414 DEGREES LIMITED  
ACN 138 803 620

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018

	Contributed equity \$	Share Based Payments Reserve	Accumulated Losses \$	Total equity \$
<b>At 1 July 2016</b>	<u>2,217,780</u>		<u>(2,084,444)</u>	<u>133,336</u>
Loss for the year	-		(954,355)	(954,355)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>(954,355)</u>	<u>(954,355)</u>
<b>Transactions with owners in their capacity as owners</b>				
Amortised cost of share based payments	-	386,007		386,007
Conversion of convertible notes	71,885		-	71,885
Contributions of equity net of transaction costs	2,776,620			2,776,620
	<u>2,848,505</u>	<u>386,007</u>	<u>-</u>	<u>3,234,512</u>
<b>At 30 June 2017</b>	<u>5,066,285</u>	<u>386,007</u>	<u>(3,038,799)</u>	<u>2,413,493</u>
Loss for the year	-		(5,484,860)	(5,484,860)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>(5,484,860)</u>	<u>(5,484,860)</u>
<b>Transactions with owners in their capacity as owners</b>				
Share Based Payments - shares granted and issued in the year	90,000			90,000
Share Based Payments - annual expense for pre-existing arrangements		8,402		8,402
Share Based Payment - cancellation without replacement		(116,541)	500,000	383,459
Share Based Payment - cancellation with replacement shares	1,950,000	(258,096)		1,691,904
Contributions of equity net of transaction costs	5,847,854		-	5,847,854
	<u>7,887,854</u>	<u>(366,235)</u>	<u>500,000</u>	<u>8,021,619</u>
<b>At 30 June 2018</b>	<u>12,954,139</u>	<u>19,772</u>	<u>(8,023,659)</u>	<u>4,950,252</u>

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

1414 DEGREES LIMITED  
ACN 138 803 620

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**NOTE 1 CORPORATE INFORMATION**

The financial statements of 1414 Degrees Limited for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 28 August 2018 and cover the company as required by Australian Accounting Standards.

The financial statements are presented in the Australian currency.

1414 Degrees Limited is a company limited by shares incorporated and domiciled in Australia.

The address of the company's registered office and principal place of business is Level 4, 81 Flinders Street, Adelaide SA 5000.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

These financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards, Australian Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The company is a for-profit company for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. Amounts have been rounded to whole dollars.

The company made a loss of \$5,484,860 for the year ended 30 June 2018 but had net current assets of \$2,636,060 as at that date. The directors believe the company has sufficient cash and cash equivalents, together with the following activities, to meet planned expenditure of the company. In the period following the end of the Financial Year the Company closed its IPO raising \$16.3 million. It is expected that the Company will be quoted on the ASX from early in September 2018.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

**(b) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. All revenue is stated net of the amount of goods and services tax (GST).

**Grant revenue**

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the company will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to intangible assets are deducted from the cost of the asset.

**Interest**

Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

**(c) Goods and Services Tax (GST)**

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.



1414 DEGREES LIMITED  
ACN 138 803 620

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Income Tax**

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income are also recognised in other comprehensive income.

**(e) Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

**(f) Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

**(g) Intangible Assets**

***Product Development***

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Expenditure capitalised comprises costs of materials and services. The carrying value of development costs is reviewed annually when the asset is not yet available for use, or when events or circumstances indicate that the carrying value may be impaired. As the asset is not yet available for use, the useful life has not yet been determined.

**(h) Leases**

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

**(i) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the company prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

All trade and other payables are non interest bearing.

1414 DEGREES LIMITED  
ACN 138 803 620

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(j) Equity Settled Compensation**

The Company provides benefits and incentives to employees and key contractors of the Company in the form of share-based payments, whereby employees and key contractors receive entitlements to shares.

The cost of equity-settled transactions is recognised as an expense in the statement of profit or loss and other comprehensive income, together with a corresponding increase in the share based payments reserve. However, where the entitlement to shares have milestones and vesting terms attached, the cost of the transaction is amortised over the vesting period

**(k) Contributed Equity**

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

**(l) Financial Instruments**

**Recognition**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

**Classification and Subsequent Measurement**

**(i) Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

**(ii) Available-for-sale Financial Assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**(iii) Financial Liabilities**

The company's financial liabilities are borrowings and compound instruments (convertible notes).

Non-derivative financial liabilities (borrowings, excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

The component part of the convertible notes issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Conversion options that will be settled by the exchange of a fixed amount of the company's own equity instruments under an option by the holders is an equity instrument, and if under an option by the company is a liability instrument. The conversion option classified as a liability instrument's value is estimated at fair value on issue.

The liability component is determined by calculating the outflow of money required to repay the convertible notes in full. The liability is recognised until extinguished upon conversion or at the instrument's maturity date. The equity component of the convertible note is determined by deducting the liability component from the face value of the convertible note. Each component shall be classified separately as financial liability or equity instruments in accordance with AASB 132.

Where the convertible note includes a discount on conversion, the maximum costs of the discount is calculated based on the face value of the convertible note at inception. The cost is then accrued as additional interest applied using the effective interest method. In the event of the repayment, cancellation or amendment to the convertible note, any additional interest accrued will be reversed in the statement of profit or loss and other comprehensive income.

1414 DEGREES LIMITED  
ACN 138 803 620

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Accounting Standards Issued But Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2017.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective or adopted.

Standards and Interpretations in issue not yet adopted	Effective for annual	Expected to be initially
AASB 9 'Financial Instruments'	1-Jan-18	30-Jun-19
AAASB 15 'Revenue from Contracts with Customers'	1-Jan-18	30-Jun-19
AASB 16 'Leases'	1-Jan-19	30-Jun-20

The company is not able to reasonably estimate the potential impact of AASB 15 as it has not entered into transactions covered by these standards. AASB 9 is not expected to have a material impact based on the transactions presently entered into by the company.

AASB 16 will see the company record a right of use asset and corresponding lease liability for its property leases. Lease payments will no longer be expensed, instead they are replaced by amortisation of the asset and interest in relation to the lease liability. It is not expected that the impact will be material.

(n) Application of new and revised Accounting Standards

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the

NOTE 3 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key Estimates - Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for intangible assets with an indefinite useful life and those with a finite useful life but not yet considered ready for use, relevant inputs have been factored into valuation models for the next 5 years on the basis of management's expectations regarding the growth of the market and the company's ability to capture market share. Pre-tax discount rates of 5% have been used in all models.

No impairment has been recognised in respect of intangible assets at the end of the reporting period.

Key Judgements - Product Development

Included within intangible assets at the end of the reporting period is Product Development with a net carrying value of \$2,174,579 (2017: \$787,367) being the carrying value of the Product Development intangible asset of \$6,949,088 (2017: \$1,787,215) less the associated Government Grant funding of \$1,901,070 (2017: \$440,000) and the R&D refundable tax offsets received of \$2,873,439 (2017: \$559,848). The directors believe that while the development and commercialisation of the technology remains in-progress and the asset is not yet generating economic benefits (beyond customer trials), it is not considered ready for use. A reliable estimate for the useful life of the asset will only be capable of being determined once the asset is assessed as ready for use, after which point, amortisation will commence.

2018	2017
AU\$	AU\$

NOTE 4 OTHER INCOME

Interest Received	9,290	2,745
Rent & Office Recoveries	39,097	-
Provision of services	15,000	-
	<u>63,387</u>	<u>2,745</u>

NOTE 5 EXPENSES

Profit(loss) before income tax includes the following specific expenses:

Depreciation expense

Furniture and fixtures	13,145	-
Office equipment	11,387	-
	<u>24,533</u>	<u>-</u>

Share based payment expense

Shares issued during the period - new arrangements	90,000	-
Amortisation of pre-existing agreements still on hand at respective balance date	8,042	386,007
Expense of cancelling pre-existing arrangement and issuing replacement shares (refer Note 14)	1,691,904	-
Expense of cancelling pre-existing arrangement without replacement (refer Note 14)	383,459	-
	<u>2,173,405</u>	<u>386,007</u>

1414 DEGREES LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

	2018 AU\$	2017 AU\$
<b>NOTE 6 AUDITORS' REMUNERATION</b>		
<b>Audit services</b>		
Amounts paid/payable to BDO for audit or review of the financial statements of the company	19,413	9,000
Amounts paid/payable to a related practice of the auditor for corporate finance services	27,000	-
	<u>46,413</u>	<u>9,000</u>
<b>NOTE 7 INCOME TAX EXPENSE</b>		
Income Tax expense/(benefit) comprises:		
<b>Current tax expense</b>		
Current tax expense/(benefit)	-	-
Adjustments for previous years	-	-
Total current income tax expense	<u>-</u>	<u>-</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	-	-
	<u>-</u>	<u>-</u>
Total income tax expense/(benefit) in profit or loss	<u>-</u>	<u>-</u>
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense/(benefit) in the financial statements as follows:		
Profit/(Loss) from operations before tax	(5,484,860)	(954,355)
Income tax calculated at 30%	(1,645,458)	(286,307)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Non-deductible expenses	653,896	115,802
Assessable income not included in profit/loss	438,821	18,000
Other reconciling items	(34,081)	24,250
Timing differences on deferred tax assets not recognised	19,052	-
Tax losses not recognised	567,770	128,255
	<u>-</u>	<u>-</u>
The amount of gross tax losses relating to Australian operations that are carried forward is \$2,910,634 (2017: \$1,018,067).		
<b>NOTE 8 CASH AND CASH EQUIVALENTS</b>		
Cash at bank	928,242	1,608,005
	<u>928,242</u>	<u>1,608,005</u>
An amount of \$210,850 included as cash has been set aside to support a bank guarantee issued to the landlord of the rented premises.		
<b>NOTE 9 TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	8,250	-
R&D refundable tax offset	2,313,591	459,748
Other receivables	158,769	23,478
	<u>2,480,610</u>	<u>483,226</u>
<b>NOTE 10 TRADE AND OTHER RECEIVABLES</b>		
Prepayments	406,015	-
	<u>406,015</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

	2018 AU\$	2017 AU\$
<b>NOTE 11 PROPERTY, PLANT AND EQUIPMENT</b>		
<i>Plant and equipment</i>		
At cost	164,146	-
Accumulated depreciation	(24,533)	-
	<u>139,614</u>	<u>-</u>
<i>Reconciliation of Plant and equipment</i>		
Balance at the beginning of the year	-	-
Additions	164,146	-
Disposals	-	-
Depreciation expense	(24,533)	-
Closing carrying value	<u>139,614</u>	<u>-</u>
Total Property, Plant and Equipment	<u>139,614</u>	<u>-</u>
<b>NOTE 12 INTANGIBLE ASSETS</b>		
<i>Product Development - Intellectual Property</i>		
Intangible assets under development - at cost	6,949,088	1,787,215
Government Grants received	(1,901,070)	(440,000)
R&D Refundable Tax Offset received	(2,873,439)	(559,848)
	<u>2,174,579</u>	<u>787,367</u>
<i>Reconciliation of Product Development - Intellectual Property</i>		
Balance at the beginning of the year	787,367	295,993
Additions	5,161,873	1,011,122
Government Grants received	(1,461,070)	(60,000)
R&D Refundable Tax Offset received	(2,313,591)	(459,748)
Closing carrying value	<u>2,174,579</u>	<u>787,367</u>
Total Intangible Assets	<u>2,174,579</u>	<u>787,367</u>

Intellectual property consists of TESS (thermal energy storage system) development of bulk energy storage solutions. No amortisation or impairment has been recognised as the intellectual property is not available for use as at 30 June 2018.

The government grant relates to accelerating the commercialisation of the company's intellectual property.

**NOTE 13 TRADE AND OTHER PAYABLES**

**CURRENT**

	2018	2017
Trade and other payables	1,015,540	465,105
Other payables and accruals	99,763	-
	<u>1,115,303</u>	<u>465,105</u>

**NOTE 14 CONTRIBUTED EQUITY**

	2018	2018	2017	2017
	No. of Shares	AU\$	No. of Shares	AU\$
<b>Share capital</b>				
Ordinary shares - authorised, issued and fully paid opening balance	86,000,973	5,066,285	2,217,780	2,217,780
Shares issued	36,107,973	5,954,954	44,828,000	2,776,620
Share split 18:1	-	-	37,659,964	-
Conversion of loans	-	-	1,295,229	71,885
Share based payment	4,200,000	2,040,000	-	-
Costs of issue	-	(107,100)	-	-
Ordinary shares - authorised, issued and fully paid closing balance	<u>126,308,946</u>	<u>12,954,139</u>	<u>86,000,973</u>	<u>5,066,285</u>

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

Ordinary shares have no par value.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**NOTE 14 CONTRIBUTED EQUITY (continued)**

**Capital Management**

Management controls the capital of the company in order to ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. There have been no changes in the strategy adopted by management to control the capital of the company since the prior year and the objectives for managing capital have been met.

	2018 AU\$	2017 AU\$
<b>NOTE 15 SHARE BASED PAYMENTS RESERVE</b>		
Balance at the beginning of the year	386,007	-
Issued and amortised over vesting period during the year	8,402	386,007
Accelerated vesting during the year upon cancellation	383,459	-
Cancelled without replacement	(500,000)	-
Cancelled and replaced	(258,096)	-
	19,772	386,007

On 24 October 2016, the company entered into agreements with key contractors to issue shares, subject to shareholder approval, for meeting certain milestones. Separate share tranches would be issued for each of the following milestones

- certain specific performance target in relation to the contractors duties with the company (Milestone 1)
- first 3 months post listing with VWAP share price being 100% more than the issue price at the initial public offering (Milestone 2)
- completion of three years continuous service with the company (Milestone 3)

At measurement date the following rights to shares were granted;

	2018 No. of Shares
Milestone 1	7,750,000
Milestone 2	6,500,000
Milestone 3	4,750,000
	19,000,000

The weighted average fair value of these instruments at 24 October 2016 was 8.3c.

The fair value was measured based on the share price of the company's capital raisings around the time of the issue of these instruments. Where performance conditions that are market conditions applied to the share issue, the fair value was further modified to take this performance condition into account. No dividends were incorporated into the measurement of fair value.

At a meeting of the board of directors on 11 October 2017, it was resolved that the agreements noted above with Robert Riebolge, Jonathan Whalley, Pierre van der Merwe and Nigel Gammon be cancelled with the consent of the parties. These agreements represent 13 million of the 19 million shares at grant date. With effect from termination of these contracts, each party was released and discharged from all future obligations and liabilities to the other party under these contracts. Each party received the following replacement ordinary shares:

Robert Riebolge (and/or nominee) received 800,000 shares  
Jonathan Whalley (and/or nominee) received 1,200,000 shares  
Pierre van der Merwe (and/or nominee) received 800,000 shares  
Nigel Gammon (and/or nominee) received 800,000 shares

As a result of cancelling and replacing these shares, the company is required to accelerate the vesting and expense the incremental fair value of the original shares at the date of cancellation. The fair value was 15c.

During the year, the Company cancelled 5 million performance rights issued under a conditional offer of contract employment to Matthew Johnson. As a result of cancelling without replacement, the company is required to accelerate the vesting and expense the original fair value at grant date.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 16 CASH FLOW INFORMATION	2018	2017
Reconciliation of profit after income tax to net cash flow from operating activities	AU\$	AU\$
Loss for the year	(5,484,860)	(954,355)
Non-cash flows in profit/(loss):		
- Depreciation and Amortisation	24,533	-
- Share Based Payments	2,173,765	386,007
Change in operating assets and liabilities		
- (increase)/decrease in trade and other receivables	(143,541)	118,071
- (increase)/decrease in other current assets	(406,015)	
- (increase)/decrease in R&D tax claim receivable	(1,853,843)	(359,648)
- increase/(decrease) in government grant applied to intangible asset	1,461,070	60,000
- increase/(decrease) in R&D tax claim applied to intangible asset	2,313,591	459,748
- increase/(decrease) in trade and other payables	713,703	46,794
Net cash flow from operating activities	<u>(1,201,597)</u>	<u>(243,383)</u>

**Non-cash financing activities**

The company issued \$94,500 worth of shares as compensation for assistance with capital raising.

**NOTE 17 CONTINGENCIES**

*Contingent Liabilities*

At 30 June 2018 those charged with governance of the company note that there are no known contingent liabilities (2017: nil).

**NOTE 18 RELATED PARTY**

**(a) Related Party Transactions**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

- i. - ammjohn Pty Ltd, a company related to Matthew Johnson, charged contract engineering fees of \$712,783 during the year and no balance relating to these charges was outstanding at 30 June 2018.
- ii. - Merchant Accounting, a company related to Robert Shepherd, charged accounting fees of \$8,000 during the year and no balance relating to these charges was outstanding at 30 June 2018.
- iii. - Towarnie Geosciences, a company related to Kevin Moriarty, charged professional fees of \$18,544 during the year and no balance relating to these charges was outstanding at 30 June 2018

**NOTE 19 KEY MANAGEMENT PERSONNEL COMPENSATION**

The totals of remuneration paid to KMP of the company during the year are as follows:

	2018	2017
	AU\$	AU\$
Short-term employee benefits	209,625	125,000
Post-employment benefits	-	-
Other long term benefits	-	-
Share-based payments	-	370,527
<b>Total KMP compensation</b>	<u>209,625</u>	<u>495,527</u>

These amounts represent the company's employee benefits expense for the year.



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**NOTE 20 FINANCIAL RISK MANAGEMENT**

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and convertible notes.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 AU\$	2017 AU\$
<b>Financial Assets</b>			
Cash and cash equivalents	8	928,242	1,608,005
Trade and other receivables	9	2,480,610	483,226
<b>Total financial assets</b>		<u>3,408,852</u>	<u>2,091,231</u>
<b>Financial Liabilities</b>			
Financial Liabilities at amortised cost:			
Trade and other payables	13	1,115,303	465,105
<b>Total financial liabilities</b>		<u>1,115,303</u>	<u>465,105</u>

**General objectives, policies and processes**

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

**Market Risk**

The company's activities expose it primarily to the financial risks of changes in interest rates. The company analyses its risk by considering sensitivity on its interest rate exposures and determining the potential impact on its effected expenses and revenue of movements in these rates. If the potential variance is material then management may seek to minimise this exposure but it does not consider this to be the case at this time.

**Credit Risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company does not have any material credit risk exposure to any single debtor or company of debtors under financial instruments entered into by the company. Trade receivables represent the maximum exposure to credit risk, credit quality is considered good.

**Liquidity Risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The directors manage liquidity risk by monitoring forecast cash flows and ensuring that the company's operations are adequate to meet liabilities due.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 20 FINANCIAL RISK MANAGEMENT (continued)

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
	AU\$ 2018	AU\$ 2017	AU\$ 2018	AU\$ 2017	AU\$ 2018	AU\$ 2017	AU\$ 2018	AU\$ 2017
<b>Financial liabilities due for settlement</b>								
Trade and other payables	1,115,303	465,105	-	-	-	-	1,115,303	465,105
Total expected outflows	<u>1,115,303</u>	<u>465,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,115,303</u>	<u>465,105</u>
<b>Financial assets - cash flows realisable</b>								
Cash and cash equivalents	928,242	1,608,005	-	-	-	-	928,242	1,608,005
Trade and other receivables	2,480,610	483,226	-	-	-	-	2,480,610	483,226
Total expected inflows	<u>3,408,852</u>	<u>2,091,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,408,852</u>	<u>2,091,231</u>

Sensitivity Analysis

Interest rate risk

At 30th June 2018 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to \$928,242. A +/-1% change in interest rates during the year ended 30th June 2019 will result in a +/- change in net interest income of \$9,280.

At 30th June 2017 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to \$1,608,005. A +/-1% change in interest rates during the year ended 30th June 2018 will result in a +/- change in net interest income of \$16,080.

Management has considered that both a positive and negative 1% variance is sufficient to illustrate the potential variations in interest income.

NOTE 21 COMMITMENTS

Operating lease commitments - minimum lease payment due:

Within 1 year	398,571	241,900
Greater than 1 year and not greater than 5 years	322,741	474,232
Greater than 5 years	-	-
	<u>721,312</u>	<u>716,132</u>

Terms of lease arrangements

The Company has in place an operating underlease for its principal place of business which expires on 29/02/2020.

The Company has in place an operating lease for its industrial facilities which expires on 31/08/2020.

NOTE 22 SUBSEQUENT EVENTS

In the period following the end of the Financial Year the Company closed its IPO raising \$16.3 million. It is expected that the Company will be quoted on the ASX in early September 2018.

Subsequent to 30 June 2018 the Company entered into a Loan Agreement and General Security Deed in relation to a R&D Loan Facility to assist the Company to meet its short term working capital requirements pending completion of the Initial Public Offer. Under the Loan Facility, the Company may borrow from the Lender up to \$1,600,000, being 80% of the Company's estimated FY17/18 research and development tax rebate from the Australian Taxation Office. At the date of authorisation of these financial statements \$1.3 million is drawn under the Loan Facility.

1414 DEGREES LIMITED  
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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of 1414 Degrees Limited, the directors of the company declare that:

- 1 The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are prepared in accordance with Australian Accounting Standards and present fairly the company's financial position as at 30 June 2018 and its performance for the year ended on that date.
- 2 The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- 3 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.

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



Kevin Moriarty  
Chairman

Adelaide

Dated this 3rd day of September 2018

**DECLARATION OF INDEPENDENCE  
BY ANDREW TICKLE  
TO THE DIRECTORS OF 1414 DEGREES LIMTIED**

As lead auditor of 1414 Degrees Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Andrew Tickle  
Director

**BDO Audit (SA) Pty Ltd**

Adelaide, 3 September 2018

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1414 DEGREES LIMITED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of 1414 Degrees Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of 1414 Degrees Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit (SA) Pty Ltd**

Andrew Tickle  
Director

Adelaide, 3 September 2018







1414DEGREES.COM.AU

**1414 DEGREES LTD**  
ABN 57 138 803 620

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