Appendix 4E

Full Year Report
to the Australian Securities Exchange

The following sets out the requirements of Appendix 4E with the stipulated information either provided here or cross referenced to the 2020 Unaudited Financial Report which is attached.

1. Details of the reporting period and the previous corresponding period

Name of Entity :	1414 DEGREES LIMITED
ABN :	57 138 803 620
Financial Year Ended :	30 Jun 2020
Previous Corresponding Reporting Period:	30 Jun 2019

2. Results for announcement to the market

	Key Information	30 Jun 2020 AUD$	30 Jun 2019 AUD$	Change %	Change AUD$
2.1	Revenue from continuing operations	411,054	298,820	38%	112,234
2.2	Profit/(Loss) from ordinary activities after tax attributable to members	(2,851,625)	(4,270,815)	(33%)	1,419,190
2.3	Net Profit/ (Loss) for the period attributable to members	(2,851,625)	(4,270,815)	(33%)	1,419,190

2.4	Dividends	Amount per security	Franked amount per security
	Interim Dividend	Nil	Nil
	Final Dividend	Nil	Nil

2.5 Record date for determining entitlements to the dividends (if any):
Not Applicable

2.6 Brief explanation of any of the figures reported above necessary to enable the figures to be understood:
N/A

3. Statement of Comprehensive Income with notes to the statement

The Appendix 4E should be read in conjunction with the Unaudited Financial Report for the year ended 30 June 2020, specifically:
- Statement of Profit Or Loss and Other Comprehensive Income
- Notes to the financial statements

4. Balance Sheet with notes to the statement

The Appendix 4E should be read in conjunction with the Unaudited Financial Report for the year ended 30 June 2020, specifically:
- Statement of Financial Position
- Notes to the financial statements

5. Statement of Cash Flows with notes to the statement

The Appendix 4E should be read in conjunction with the Unaudited Financial Report for the year ended 30 June 2020, specifically:
- Statement of Cash Flows
- Notes to the financial statements

6. Statement of Changes in Equity

The Appendix 4E should be read in conjunction with the Unaudited Financial Report for the year ended 30 June 2020, specifically:
- Statement of Changes In Equity
- Notes to the financial statements

7. Details Relating to Dividends

Information	30 Jun 2020	30 Jun 2019
Date the dividend is payable :	n/a	n/a
Record date to determine entitlement to the dividend :	n/a	n/a
Amount per security (AUD Cents) :	n/a	n/a
Total dividend (AUD$) :	n/a	n/a
Amount per security of foreign sourced dividend or distribution :	n/a	n/a

8. Dividend or distribution reinvestment plan details

Information	30 Jun 2020	30 Jun 2019
Details of any dividend reinvestment plans in operation :	n/a	n/a
The last date for receipt of an election notice for participation in any dividend reinvestment plans :	n/a	n/a

9. Net tangible assets per ordinary share

Security	30 Jun 2020 AUD (Cents)	30 Jun 2019 AUD (Cents)
Ordinary shares	5.12	7.26

10. Control gained or lost over entities during the period, and those having material effect

Control was gained over SiliconAurora Pty Ltd on 13 December 2019.

11. Details of Associates and Joint Venture Entities

No investments in associates and joint ventures are held by the company.

12. Any other significant information needed by an investor to make an informed assessment of the Group's financial performance and financial position

All significant information has been included elsewhere in this document or in the Unaudited Financial Report for the year ended 30 June 2020

13. For foreign entities, which set of accounting standards is used in compiling the report

Not applicable.

14. Commentary on the results

The Appendix 4E should be read in conjunction with the Unaudited Financial Report for the year ended 30 June 2020, specifically:

- Directors' Report and Operating and Financial Review sections

15. Status of Audit and Audit dispute or qualification

Audited financial statements will be released during September 2020.

16. Attachments forming part of Appendix 4E

Attachment Number	Details
1	2020 Unaudited Financial Report

1414 Degrees Limited advises that it is relying on ASIC relief to extend the lodgement date for the audited financial statements, and that it will immediately make a further announcement to the market if there is a material difference between the unaudited financial statements and the audited financial statements.

Signed By Company Secretary

Richard Willson

Date: 31 August 2020

1414 DEGREES LIMITED

ACN 138 803 620

UNAUDITED FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2020

1414 DEGREES LIMITED
ACN 138 803 620

UNAUDITED FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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1414 DEGREES LIMITED
ACN 138 803 620

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 AUD$	2019 AUD$
Other Income	5	411,054	298,820
Administration and Professional Expenses		906,889	926,439
Occupancy Expenses		37,042	365,709
Marketing Expenses		76,521	218,528
Depreciation and Amortisation		342,076	33,658
Employee Benefits Expense	6	1,451,631	1,567,347
Share Based Payments (Equity-settled)		93,932	103,339
Directors Fees		71,935	53,333
Other Expenses		253,098	700,113
Finance Costs		29,555	74,507
IPO Expense		-	526,662
(Loss) before income tax		(2,851,625)	(4,270,815)
Income tax benefit / (expense)	8	-	-
(Loss) for the year		(2,851,625)	(4,270,815)
Other comprehensive income for the year		-	-
Items that will be reclassified subsequently to profit or loss:		-	-
		-	-
Total comprehensive (loss) for the year		(2,851,625)	(4,270,815)
Basic loss per share	16	(1.65) cents	(2.58) cents
Diluted loss per share	16	(1.65) cents	(2.58) cents

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

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 AUD$	2019 AUD$
ASSETS			
Current assets			
Cash and cash equivalents	9	4,395,479	9,721,192
Trade and other receivables	10	1,436,805	2,448,344
Other current assets		142,882	216,215
Total current assets		5,975,166	12,385,751
Non-current assets			
Property, plant and equipment		204,155	135,487
Intangible Assets	11	8,359,688	5,109,045
Right-of-use assets	12	2,674,765	-
Total non-current assets		11,238,608	5,244,532
Total assets		17,213,774	17,630,283
LIABILITIES			
Current liabilities			
Trade and other payables	13	355,139	485,316
Provision for employee benefits		90,628	126,031
Lease liabilities		129,938	-
Total current liabilities		575,705	611,347
Non-current liabilities			
Provision for employee benefits		14,906	93,005
Lease liabilities (NC)	14	2,489,643	-
Total non-current liabilities		2,504,549	93,005
Total liabilities		3,080,254	704,352
Net assets		14,133,520	16,925,931
EQUITY			
Contributed equity	15	29,197,369	29,097,294
Share Based Payments Reserve	17	116,968	123,111
Accumulated losses		(15,180,817)	(12,294,474)
Total equity		14,133,520	16,925,931

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

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 AUD$	2019 AUD$
Cash flows from operating activities			
Cash received from customers		24,991	8,250
Cash paid to suppliers and employees		(2,981,431)	(4,291,809)
Government grants		233,636	60,273
Interest received		148,623	163,770
Interest paid		(9,500)	(74,507)
Interest paid on lease liabilities		(23,533)	-
Net cash inflow/(outflow) from operating activities	18	(2,607,214)	(4,134,023)
Cash flows from investing activities			
Purchase of property, plant and equipment		(36,263)	(29,531)
Purchase of entities		(2,000,000)	-
Payments for product development activities		(3,278,550)	(6,068,625)
Government grant received and used for intangible asset		236,000	430,930
Research and development tax offset received and used for intangible asset		2,743,782	2,568,476
Net cash inflow/(outflow) from investing activities		(2,335,031)	(3,098,750)
Cash flows from financing activities			
Proceeds from borrowings		-	1,335,493
Repayment of borrowings		-	(1,335,493)
Repayment of lease liabilities		(398,868)	-
Transaction costs related to issues of shares or options		-	(315,839)
Proceeds from exercise of share options		-	31,657
Proceeds from the issue of shares		-	16,306,690
Net cash inflow/(outflow) from financing activities		(398,868)	16,022,508
Net increase/(decrease) in cash and cash equivalents		(5,341,113)	8,789,735
Net foreign exchange differences		15,400	3,215
Cash and cash equivalents at beginning of period		9,721,192	928,242
Cash and cash equivalents at end of period	9	4,395,479	9,721,192

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

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Contributed equity $	Share Based Payments Reserve $	Accumulated Losses $	Total equity $
At 1 July 2018	12,954,139	19,772	(8,023,659)	4,950,252
Loss for the year	-	-	(4,270,815)	(4,270,815)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(4,270,815)	(4,270,815)
Transactions with owners in their capacity as owners				
Employee Share Scheme - Performance Rights Issue	-	103,339	-	103,339
Contributions of equity net of transaction costs	16,143,155	-	-	16,143,155
	16,143,155	103,339	-	16,246,494
At 30 June 2019	29,097,294	123,111	(12,294,474)	16,925,931
Loss for the year	-	-	(2,851,625)	(2,851,625)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(2,851,625)	(2,851,625)
Transactions with owners in their capacity as owners				
Employee Share Scheme - Performance Rights Valuation	-	93,932	-	93,932
Employee Share Scheme - Conversion of Performance Rights	100,075	(100,075)	-	-
Contributions of equity net of transaction costs	-	-	-	-
	100,075	(6,143)	-	93,932
At 30 June 2020	29,197,369	116,968	(15,180,817)	14,133,520

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

NOTE 1 CORPORATE INFORMATION

The financial statements of 1414 Degrees Limited for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 31 August 2020 and cover the group as required by Australian Accounting Standards.

The financial statements are presented in the Australian currency.

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

The address of the group's registered office and principal place of business is Level 1, 10 Greenhill Road, Wayville SA 5034.

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 group is a for-profit group 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 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) Other Income Recognition

All revenue is stated net of the amount of goods and services tax (GST).

Grant

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group 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 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 group 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. The intangible asset that is not yet ready for use is also tested for impairment annually.

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, 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) Property, Plant and Equipment
Plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets is depreciated on a straight line or diminishing value basis over the asset’s useful life to the group commencing from the time the asset is held ready for use. The following estimated useful lives will be used in the calculation of depreciation:

- Plant and equipment	2 - 15 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

(h) 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.

The R&D refund is recognised on an accrual basis, calculated using actual costs incurred on eligible activities and is subject to potential review by Government for up to 5 years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases
Leases of property, plant and equipment where the group 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.

(j) Trade and Other Payables
Trade and other payables represent liabilities for goods and services provided to the group 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.

(k) Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the American or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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.

(m) Financial Assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(n) Accounting Standards Issued But Not Yet Effective
There are no accounting standards that have not been early adopted for the year ended 30 June 2020 but will be applicable to the group in future reporting periods.

(o) Application of new and revised Accounting Standards
The group 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 group.

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(o) Application of new and revised Accounting Standards (continued)

Impact of Adoption
AASB 16 was adopted using the modified retrospective approach as as such the comparitives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

	1-Jul-19
	AUD$
Operating lease commitments as at 1 January 2019 (AASB 16)	974,688
Accumulated Depreciation as at 1 July 2019	(686,677)
Right-of-use assets	288,011
Lease liabilities - current	(322,729)
Reduction in opening retained earnings as at 1 July 2019	(34,718)

Right-of-use Assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets.

Lease Liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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 group.

Key Estimates - Impairment
The group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the group 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 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 group's ability to capture market share. Pre-tax discount rates of 5% have been used in all models.

The intangible asset is tested for impairment 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 $6,488,220 (2019: $5,109,045) being the carrying value of the Product Development intangible asset of $16,296,263 (2019: $13,017,713) less the associated Government Grant funding of $2,568,000 (2019: $2,332,000) and the R&D refundable tax offsets applied of $7,240,043 (2019: $5,576,668). 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. The directors are satisfied that it is probable that the intangible asset will generate future economic benefits based on internal financial models and potential project scenario analysis.

NOTE 4 SEGMENT REPORTING
There is only one segment which is the entire business, which operates entirely within Australia.

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NOTES TO THE FINANCIAL STATEMENTS
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	2020 AUD$	2019 AUD$
NOTE 5 OTHER INCOME		
Interest Received	79,198	238,547
Rent & Office Recoveries	22,720	-
Provision of services	-	-
Government grants	309,136	60,273
	411,054	298,820
NOTE 6 EXPENSES		
Profit(loss) before income tax includes the following specific expenses:		
Superannuation expense		
Defined contribution superannuation expense	123,987	121,533
	123,987	121,533
NOTE 7 AUDITORS' REMUNERATION		
Audit services		
Amounts paid/payable to BDO for audit of the financial statements of the group	-	32,105
Amounts paid/payable to a related practice of the auditor for corporate finance services	-	-
	-	32,105
NOTE 8 INCOME TAX EXPENSE		
Income Tax expense/(benefit) comprises:		
Current tax expense		
Current tax expense/(benefit)	-	-
Adjustments for previous years	-	-
Total current income tax expense	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	-
Total income tax expense/(benefit) in profit or loss	-	-

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:

	2020 AUD$	2019 AUD$
Profit/(Loss) from operations before tax	(2,851,625)	(4,270,815)
Income tax calculated at 27.5%	(784,197)	(1,174,474)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	784,197	1,174,474
Tax expense	-	-

The amount of gross tax losses relating to Australian operations that are carried forward is $5,388,118 (2019: $5,388,118).

	2020 AUD$	2019 AUD$
NOTE 9 CASH AND CASH EQUIVALENTS		
Cash at bank	4,395,479	1,588,487
Cash term deposits	-	8,132,705
	4,395,479	9,721,192

An amount of $215,582 included as cash has been set aside to support a bank guarantee issued to the landlord of the rented premises.

	2020 AUD$	2019 AUD$
NOTE 10 TRADE AND OTHER RECEIVABLES		
Trade receivables	63,000	-
R&D refundable tax offset	1,367,937	2,448,344
Other receivables	5,868	-
	1,436,805	2,448,344

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	2020 AUD$	2019 AUD$
NOTE 11 INTANGIBLE ASSETS		
Product Development - Intellectual Property		
Intangible assets under development - at cost	16,296,263	13,017,713
Government Grants applied	(2,568,000)	(2,332,000)
R&D Refundable Tax Offset applied	(7,240,043)	(5,576,668)
Goodwill on business acquisition (Note 19)	1,871,468	-
	8,359,688	5,109,045
Reconciliation of Product Development - Intellectual Property		
Balance at the beginning of the year	5,109,045	2,174,579
Additions	3,278,550	6,068,625
Government Grants applied	(236,000)	(430,930)
R&D Refundable Tax Offset applied	(1,663,375)	(2,703,229)
Closing carrying value	6,488,220	5,109,045
Goodwill acquired during the period (Note 19)	1,871,468	-
Total Intangible Assets	8,359,688	5,109,045

Intellectual property consists of TESS (thermal energy storage system) development of bulk energy storage solutions.

No amortisation has been recognised as the intellectual property is not available for use as at 30 June 2020. The intangible asset is tested for impairment annually. The government grant relates to accelerating the commercialisation of the group's intellectual property.

The recoverable amount of the entity's intangible assets has yet to be determined by a value-in-use calculation, and will be completed before audited financial accounts are released during September 2020.

	2020 AUD$	2019 AUD$
NOTE 12 NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS		
Land and buildings - right-of-use	3,847,152	-
Less: Accumulated depreciation	(1,172,387)	-
	2,674,765	-

Additions to the right-of-use assets during the year were $2,728,842.

	2020 AUD$	2019 AUD$
NOTE 13 TRADE AND OTHER PAYABLES		
Trade and other payables	297,339	424,013
Other payables and accruals	57,800	61,303
	355,139	485,316

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 AUD$	2019 AUD$
NOTE 14 NON-CURRENT LIABILITIES - LEASE LIABILITIES		
Lease liabilities	2,489,643	-

NOTE 15 CONTRIBUTED EQUITY

	2020 No. of Shares	2020 AUD$
Share capital		
Ordinary shares - authorised, issued and fully paid opening balance	172,389,923	29,097,294
Employee Share Scheme - Conversion of Performance Rights	515,000	100,075
Ordinary shares - authorised, issued and fully paid closing balance	172,904,923	29,197,369

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the group 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.

Capital Management

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

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

Management effectively manages the group's capital by assessing the group'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 group since the prior year and the objectives for managing capital have been met.

NOTE 16 EARNINGS PER SHARE

	2020 AUD$	2019 AUD$
Earnings per share for profit (loss)		
Profit (loss) after income tax	(2,851,625)	(4,270,815)
Profit (loss) after income tax attributable to the owners of 1414 Degrees Ltd	(2,851,625)	(4,270,815)
Profit (loss) after income tax attributable to the owners of 1414 Degrees Ltd used in calculating diluted earnings per share	(2,851,625)	(4,270,815)
	Cents	**Cents**
Basic earnings per share	(1.65)	(2.58)
Diluted earnings per share	(1.65)	(2.58)
	Number	**Number**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	172,612,635	165,823,930
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares if dilutive	-	-
Convertible notes	-	-
	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	172,612,635	165,823,930

The performance rights have not been taken into account when calculating diluted earnings per share as they are anti dilutive.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17 SHARE BASED PAYMENTS

150,000 shares were issued to key management personnel in this financial year as part of the group's share option plan. In the year ended 30 June 2019 no shares were issued to key management personnel in this financial year.

A share option plan was established by the group in the 2019 financial year, whereby the group may, at the discretion of the board, grant Performance Rights (PR) over ordinary shares in the group to certain employees of the group. The PR are issued for nil consideration and are granted in accordance with performance guidelines established by the board.

Set out below are summaries of PR's outstanding at the of the financial year:

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
2/04/2019	1/07/2019	$0.00	75,000	-	(70,000)	(5,000)	-
2/04/2019	14/01/2020	$0.00	200,000	-	(150,000)	(50,000)	-
2/04/2019	15/01/2020	$0.00	725,000	-	(295,000)	(430,000)	-
2/04/2019	1/07/2020	$0.00	350,000	-	-	(100,000)	250,000
2/04/2019	15/01/2021	$0.00	925,000	-	-	(150,000)	775,000
2/04/2019	15/01/2022	$0.00	975,000	-	-	(100,000)	875,000
2/04/2019	15/01/2023	$0.00	1,100,000	-	-	(350,000)	750,000
			4,350,000	-	(515,000)	(1,185,000)	2,650,000
Weighted average exercise price			$0.00	$0.00	$0.00	$0.00	$0.00

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
2/04/2019	1/07/2019	$0.00	-	75,000	-	-	75,000
2/04/2019	14/01/2020	$0.00	-	200,000	-	-	200,000
2/04/2019	15/01/2020	$0.00	-	925,000	-	(200,000)	725,000
2/04/2019	1/07/2020	$0.00	-	350,000	-	-	350,000
2/04/2019	15/01/2021	$0.00	-	925,000	-	-	925,000
2/04/2019	15/01/2022	$0.00	-	2,225,000	-	(1,250,000)	975,000
2/04/2019	15/01/2023	$0.00	-	1,100,000	-	-	1,100,000
			-	5,800,000	-	(1,450,000)	4,350,000
Weighted average exercise price			$0.00	$0.00	$0.00	$0.00	$0.00

There are no Performance Rights exercisable at the end of the financial year and no Performance Rights granted during 2020 financial year.

The weighted average remaining contractual life of Performance Rights outstanding at the end of the financial year was 1.12 years (2019: 2.01).

During the year the expense recognised in relation to the valuation of these Performance Rights was $94k.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 18 CASH FLOW INFORMATION

Reconciliation of profit after income tax to net cash flow from operating activities

	2020 AUD$	2019 AUD$
Loss for the year	(2,851,625)	(4,270,815)
Non-cash flows in profit/(loss):		
- Depreciation and Amortisation	342,076	33,658
- Share Based Payments	93,932	103,339
- Foreign exchange differences	(15,400)	(3,215)
- IPO Cost Expensed	-	526,662
Change in operating assets and liabilities		
- (increase)/decrease in trade and other receivables	(5,851)	167,019
- (increase)/decrease in other current assets	73,333	(216,215)
- increase/(decrease) in trade and other payables	(130,177)	(629,987)
- increase/(decrease) in employee benefits	(113,502)	155,531
Net cash flow from operating activities	(2,607,214)	(4,134,023)

NOTE 19 BUSINESS COMBINATION

On 13 December 2019 1414 Degrees Ltd acquired 100% of the issued shares in SolarReserve II Pty Ltd (Renamed to SiliconAurora Pty Ltd). SiliconAurora owns the advanced Aurora Solar Energy Project ("Aurora Project") near Port Augusta in South Australia. The group proposes to develop the Aurora Project, which has approval for 70MW of solar photovoltaic (PV) and 150MW of concentrated solar thermal plant (CSP) systems, and intends to demonstrate its world leading TESS-GRID technology.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	AUD$
Cash paid	2,000,000
Total purchase consideration	2,000,000

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value AUD$
Cash	1,000
GST Receivable	8,809
Property, plant and equipment	85,601
Right-of-use assets	2,728,842
Lease liabilities - Current	(110,000)
Lease liabilities - Non-Current	(2,585,720)
Net identifiable assets acquired	128,532
Add: Goodwill (Note 4)	1,871,468
	2,000,000

The goodwill is attributable to SiliconAurora's approval for the development of 70MW of PV and 150MW of CSP systems and access to land resources to demonstrate the Group's TESS-GRID technology. Documentation and contracts were obtained as part of the purchase, however these do not qualify for seperate recognition.

NOTE 20 CONTINGENCIES

Contingent Liabilities

At 30 June 2020 those charged with governance of the group note that there are no known contingent liabilities (2019: nil).

NOTE 21 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. - Merchant Accounting, a company related to Robert Shepherd, charged fees of $8,690 during the year and no balance relating to these charges was outstanding at 30 June 2020.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 21 RELATED PARTY (continued)

(b) Director and Director-related Interests in the group

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the date of this report
Ordinary shares					
Dana Larson	250,000	-	-	-	250,000
Kevin Moriarty	12,403,000	-	-	-	12,403,000
Penelope Bettison	1,000,000	-	-	-	1,000,000
	13,653,000	-	-	-	13,653,000

NOTE 22 KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2020 AUD$	2019 AUD$
Short-term employee benefits	758,248	754,399
Post-employment benefits	63,664	60,162
Other long term benefits	7,359	12,686
Share-based payments	32,027	26,393
Total KMP compensation	861,298	853,640

These amounts represent the group's employee benefits and shared-based-payments expense for the year.

NOTE 23 FINANCIAL RISK MANAGEMENT

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

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 AUD$	2019 AUD$
Financial Assets			
Financial Assets at amortised cost:			
Cash and cash equivalents	9	4,395,479	9,721,192
Trade and other receivables - R&D tax refund	10	1,367,937	2,448,344
Total financial assets		5,763,416	12,169,536
Financial Liabilities			
Financial Liabilities at amortised cost:			
Trade and other payables	13	355,139	485,316
Total financial liabilities		355,139	485,316

General objectives, policies and processes

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group'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 group'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 group's activities have no material exposure to financial risks of changes in interest rates. The group analyses it's risk by considering sensitivity on its interest rate exposures and determining the potential impact on it's 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.

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the group is holding deposits of foreign currency to cover major commercial cost in foreign currency. The foreign currency amounts were purchased around the time the future commitments were entered into to secure the costs in Australian Dollar.

Credit Risk

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

The group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the group, except for the Australian Taxation Office which is the counterparty to the R&D refundable tax offset shown in note 10. Trade receivables represent the maximum exposure to credit risk, credit quality is considered good.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 23 FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the group 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 group's operations are adequate to meet liabilities due.

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
	AUD$	AU$	AU$	AU$	AUD$	AUD$	AUD$	AUD$
	2020	2019	2020	2019	2020	2019	2020	2019
Financial liabilities due for settlement								
Trade and other payables	355,139	485,316	-	-	-	-	355,139	485,316
Total expected outflows	355,139	485,316	-	-	-	-	355,139	485,316
Financial assets - cash flows realisable								
Cash at bank	4,395,479	1,588,487	-	-	-	-	4,395,479	1,588,487
Trade and other receivables	1,367,937	2,448,344	-	-	-	-	1,367,937	2,448,344
Cash term deposits	-	8,132,705	-	-	-	-	-	8,132,705
	5,763,416	12,169,536	-	-	-	-	5,763,416	12,169,536

Sensitivity Analysis

Interest rate risk

At 30th June 2020 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to $4,395,479. A +/-1% change in interest rates during the year ended 30th June 2020 will result in a +/- change in net interest income of $43,955.

At 30th June 2019 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to $9,721,192. A +/-1% change in interest rates during the year ended 30th June 2019 will result in a +/- change in net interest income of $97,212.

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

Foreign currency risk

	Assets		Liabilities	
	2020	2019	2020	2019
Cash at bank held in or trade payables denominated in	AUD$	AUD$	AUD$	AUD$
US dollars	1,493	356,053	-	-
Euros	4,303	-	14,661	8,989
	5,796	356,053	14,661	8,989

The group had net liabilities denominated in foreign currencies of $8,865 as at 30 June 2020 (2019: net assets $347,064).

Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2019: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the group's profit before tax for the year would have been $887 lower/$443 higher (2018: $34,706 higher/$17,352 lower) and equity would have been $887 lower/$443 higher (2019: $34,706 higher/$17,352 lower).

The percentage change is the expected overall volatility of the significant currencies, which is based on management’s assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

The actual foreign exchange loss for the year ended 30 June 2020 was $21,472 (2019: gain of $2,951).

NOTE 24 COMMITMENTS FOR EXPENDITURE

There are no capital commitments as at 30 June 2020 (2019: nil)

NOTE 25 SUBSEQUENT EVENTS

Nil.

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of 1414 Degrees Limited, the directors of the group 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 group's financial position as at 30 June 2020 and its performance for the year ended on that date.

2. The group 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 group 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
Executive Chairman

Adelaide

Dated this 31st day of August 2020