

Silex Systems Limited

ABN 69 003 372 067

ASX Preliminary final report year ended 30 June 2013 Appendix 4E

Lodged with the ASX under Listing Rule 4.3A

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Silex Systems Limited
year ended 30 June 2013
(previous corresponding period:
year ended 30 June 2012)

Results for announcement to the market

				\$
Revenue from continuing operations	Up	150.6%	To	23,654,025
Revenue from discontinued operation	Down	89.2%	To	886,883
Revenue from ordinary activities	Up	39.2%	To	24,540,908
Net loss from ordinary activities after tax attributable to members	Down	99.7%	To	93,119
Net loss for the period attributable to members	Down	99.7%	To	93,119

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

Record date for determining entitlements to the dividend

N/A

Explanation of the increase in revenue

The increase in revenue from ordinary activities is mainly due to the successful completion of the Test Loop Program Phase I Milestone: Technology Demonstration and Validation resulting in milestone revenue of US\$15.0m (AU\$15.4m) to Silex Systems (nil in the previous year).

The increase in revenue from ordinary activities was partly offset by a reduction in sales from the discontinued Silex Solar operation. Silex Solar sales were \$0.8m in the current year compared to \$8.1m in the previous year.

Interest income decreased to \$3.4m in the current year compared to \$5.6m in the previous year. Interest income decreased as a result of lower interest rates and lower average cash / term deposit holdings in the current year, as Silex Systems continued to invest in the development and commercialisation of its core technologies.

Explanation of the net loss from ordinary activities after tax attributable to members

The improved result for the period was mainly due to the US\$15.0m (AU\$15.4m) revenue from GE-Hitachi Global Laser Enrichment ('GLE') for the successful completion of the Test Loop Program Phase I Milestone. In addition, Silex Systems has continued to focus on lowering its operating cost structure whilst maintaining technical and commercialisation progress for each of its business segments.

The current year result was also impacted favourably by the R&D Tax Incentive program. The result included R&D Tax Incentive income of \$3.3m relating to the previous financial year which was not included in the FY2012 financial statements, as at the time of lodgement the value of the incentive could not be reliably measured.

The Silex Systems' segment result was \$15.9m profit in the current year compared to \$1.5m profit in the previous year. The Silex Systems' business segment profit was mostly offset by losses in the other business segments as commercialisation activities continued.

The Solar Systems' segment loss was \$9.0m, down from \$11.6m in the previous year. The major contributors to the decrease in the segment loss for Solar Systems were the favourable impact of the R&D Tax Incentive income of \$2.8m and an increase in Government grant income by \$2.7m. Translucent's segment loss was \$4.6m, down from \$6.2m in the previous year due to income received from the provision of goods and services to Solar Systems and implementation of other operational cost reductions. ChronoLogic's segment loss was \$1.3m, down from \$1.7m in the previous year mainly due to the favourable impact of R&D Tax Incentive income of \$0.5m.

The discontinuation of the Silex Solar operation also contributed to the improved result with a loss of \$1.1m, compared to \$19.0m in the previous year.

Explanation of dividends

No dividends have been paid or proposed during the reporting period.

Silex Systems Limited
Preliminary consolidated income statement
for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue from continuing operations	2	23,654,025	9,438,691
Other income	3	8,191,314	1,504,310
Cost of sales		(3,660,488)	(298,422)
Research and development materials		(2,362,108)	(1,739,738)
Finance costs	4	(1,793)	(3,127)
Depreciation and amortisation expense	4	(2,959,264)	(2,788,685)
Employee benefits expense		(15,663,647)	(16,658,397)
Consultants and professional fees		(2,892,539)	(2,761,833)
Printing, postage, freight and stationery		(270,878)	(260,735)
Rent, utilities and property outgoings		(1,483,977)	(1,748,757)
Travelling expenses		(649,816)	(1,147,798)
Share of net profit/(loss) of associate accounted for using the equity method		4,895	(31,320)
Other expenses from ordinary activities		(1,055,180)	(1,486,966)
Profit/(loss) before income tax expense		850,544	(17,982,777)
Income tax expense	5	-	-
Net profit/(loss) from continuing operations		850,544	(17,982,777)
Net (loss) from discontinued operation		(1,080,995)	(18,987,847)
Net (loss) for the year		(230,451)	(36,970,624)
Net (loss) is attributable to:			
Owners of Silex Systems Limited		(93,119)	(36,792,005)
Non-controlling interests		(137,332)	(178,619)
		(230,451)	(36,970,624)
		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share		0.6	(10.5)
Diluted earnings per share		0.6	(10.5)
Earnings per share for (loss) attributable to the ordinary equity holders of the company			
Basic earnings per share		(0.1)	(21.6)
Diluted earnings per share		(0.1)	(21.6)

The above preliminary consolidated income statement should be read in conjunction with the accompanying notes, the 2012 Annual Report and the full financial report for the year ended 30 June 2012.

Silex Systems Limited
Preliminary consolidated statement of comprehensive income
for the year ended 30 June 2013

	2013	2012
	\$	\$
Net (loss) for the year	(230,451)	(36,970,624)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	<u>212,435</u>	<u>(121,503)</u>
Other comprehensive income for the year, net of tax	<u>212,435</u>	<u>(121,503)</u>
Total comprehensive income for the year	<u>(18,016)</u>	<u>(37,092,127)</u>
Attributable to:		
Owners of Silex Systems Limited	<u>119,316</u>	<u>(36,913,508)</u>
Non-controlling interest	<u>(137,332)</u>	<u>(178,619)</u>
Total comprehensive income for the year	<u>(18,016)</u>	<u>(37,092,127)</u>

The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes, the 2012 Annual Report and the full financial report for the year ended 30 June 2012.

Silex Systems Limited
Preliminary consolidated balance sheet
as at 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
ASSETS			
Current assets			
Cash and cash equivalents		8,720,156	3,682,254
Held to maturity investments - term deposits		55,663,843	83,912,921
Trade and other receivables		21,048,200	6,633,569
Inventories		3,642,672	1,887,567
Total current assets		89,074,871	96,116,311
Non-current assets			
Property, plant and equipment		27,427,549	15,687,753
Deferred tax assets		6,080	11,337
Intangible assets		20,618,441	20,555,407
Investments accounted for using the equity method		103,131	98,236
Total non-current assets		48,155,201	36,352,733
Total assets		137,230,072	132,469,044
LIABILITIES			
Current liabilities			
Trade and other payables	6	7,440,541	5,070,084
Provisions		1,062,291	1,814,642
Total current liabilities		8,502,832	6,884,726
Non-current liabilities			
Trade and other payables	6	7,210,483	4,779,164
Provisions		192,501	163,789
Total non-current liabilities		7,402,984	4,942,953
Total liabilities		15,905,816	11,827,679
Net assets		121,324,256	120,641,365
EQUITY			
Contributed equity	7	231,417,226	231,068,369
Reserves		9,744,529	9,180,044
Accumulated losses	8	(119,161,791)	(119,068,672)
Capital and reserves attributable to owners of:			
Silex Systems Limited		121,999,964	121,179,741
Non-controlling interest		(675,708)	(538,376)
Total equity		121,324,256	120,641,365

The above preliminary consolidated balance sheet should be read in conjunction with the accompanying notes, the 2012 Annual Report and the full financial report for the year ended 30 June 2012.

Silex Systems Limited
Preliminary consolidated statement of changes in equity
for the year ended 30 June 2013

	Attributable to owners of Silex Systems Limited					
	Contributed equity	Reserves	Accumulated losses	Total	Non- controlling interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 30 June 2011	231,040,738	6,930,760	(82,276,667)	155,694,831	(359,757)	155,335,074
Net (loss) for the year	-	-	(36,792,005)	(36,792,005)	(178,619)	(36,970,624)
Exchange differences on translation of foreign operations	-	(121,503)	-	(121,503)	-	(121,503)
Total comprehensive income for the year	-	(121,503)	(36,792,005)	(36,913,508)	(178,619)	(37,092,127)
Transactions with owners in their capacity as owners						
Shares to employees, net of transaction costs	36,462	-	-	36,462	-	36,462
Employee share options - value of employee services	-	2,364,665	-	2,364,665	-	2,364,665
Transactions with non-controlling interests	-	6,122	-	6,122	-	6,122
Deferred tax credit recognised directly in equity	(8,831)	-	-	(8,831)	-	(8,831)
	27,631	2,370,787	-	2,398,418	-	2,398,418
Balance at 30 June 2012	231,068,369	9,180,044	(119,068,672)	121,179,741	(538,376)	120,641,365
Net (loss) for the year	-	-	(93,119)	(93,119)	(137,332)	(230,451)
Exchange differences on translation of foreign operations	-	212,435	-	212,435	-	212,435
Total comprehensive income for the year	-	212,435	(93,119)	119,316	(137,332)	(18,016)
Transactions with owners in their capacity as owners						
Shares to employees, net of transaction costs	(5,367)	-	-	(5,367)	-	(5,367)
Employee shares and options - value of employee services	-	711,531	-	711,531	-	711,531
Transfer from share based payments reserve	359,481	(359,481)	-	-	-	-
Deferred tax credit recognised directly in equity	(5,257)	-	-	(5,257)	-	(5,257)
	348,857	352,050	-	700,907	-	700,907
Balance at 30 June 2013	231,417,226	9,744,529	(119,161,791)	121,999,964	(675,708)	121,324,256

The above preliminary consolidated statement of changes in equity should be read in conjunction with the accompanying notes, the 2012 Annual Report and the full financial report for the year ended 30 June 2012.

Silex Systems Limited
Preliminary consolidated statement of cash flows
for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from customers and government grants (inclusive of GST)		19,625,906	16,794,963
Payments to suppliers and employees (inclusive of GST)		(31,567,717)	(38,846,105)
Interest received		3,719,524	5,897,855
Interest paid		(1,793)	(3,127)
Net cash (outflows) from operating activities	10	(8,224,080)	(16,156,414)
Cash flows from investing activities			
Proceeds from held to maturity investments - term deposits		28,249,078	10,024,579
Payments for property, plant and equipment		(13,818,509)	(6,100,818)
Payments for intangibles		(1,598,172)	(126,375)
Proceeds from sale of property, plant and equipment		343,335	233,911
Net cash inflows from investing activities		13,175,732	4,031,297
Cash flows from financing activities			
Proceeds from issue of shares		(5,367)	(1,538)
Proceeds from issue of shares to non-controlling interest		-	6,122
Net cash (outflows)/inflows from financing activities		(5,367)	4,584
Net increase/(decrease) in cash held		4,946,285	(12,120,533)
Cash and cash equivalents at the beginning of the financial year		3,682,254	15,470,436
Effects of exchange rate changes on cash		91,617	332,351
Cash and cash equivalents at end of year *		8,720,156	3,682,254
*Held to maturity investments excluded from Cash and cash equivalents		55,663,843	83,912,921

The above preliminary consolidated statement of cash flows should be read in conjunction with the accompanying notes, the 2012 Annual Report and the full financial report for the year ended 30 June 2012.

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2013

Note 1 Basis of preparation of full-year financial report

This preliminary financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

This preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012, the full financial report for the year ended 30 June 2012 and any public announcements made by Silex Systems Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies adopted are consistent with those of the previous year.

	2013	2012
	\$	\$
Note 2 Revenue		
From continuing operations		
Milestone revenue	15,406,738	-
Recoverable project costs from GLE	4,099,109	3,865,756
Sale of goods	135,823	61,472
Services	606,341	-
Interest income	3,406,014	5,500,081
Other	-	11,382
	23,654,025	9,438,691
From discontinued operation (note 12)		
Sale of goods	834,325	8,063,520
Rent	42,606	-
Interest income	9,952	128,831
	886,883	8,192,351
	2013	2012
	\$	\$
Note 3 Other income		
From continuing operations		
Government grants	3,917,365	1,245,381
Research and development tax incentive	3,286,116	-
Foreign currency exchange gains (net)	987,833	250,397
Profit on sale of property, plant and equipment	-	5,266
Other	-	3,266
	8,191,314	1,504,310
From discontinued operation (note 12)		
Foreign currency exchange gains (net)	100,442	79,456
Profit on sale of property, plant and equipment	171,662	190,201
	272,104	269,657

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2013 (continued)

	2013	2012
	\$	\$
Note 4 Expenses		
Profit/(loss) from continuing operations before income tax includes the following expenses:		
Depreciation of plant and equipment	1,265,919	1,170,685
Depreciation of buildings	76,400	76,400
Depreciation of leasehold improvements	79,952	36,051
Amortisation of software	99,477	61,891
Amortisation of intellectual property	1,437,516	1,443,658
Total depreciation and amortisation	2,959,264	2,788,685
Finance costs		
Interest and finance charges paid/payable	1,793	3,127
Finance costs expensed	1,793	3,127
Rental expenses relating to operating leases		
Minimum lease payments	1,061,948	1,579,020
Provision for employee entitlements	147,916	262,205
Defined contribution superannuation expense	896,792	801,005
Research and development costs	17,783,879	19,816,281
Loss on disposal of property, plant and equipment	55,508	-
	2013	2012
	\$	\$
Note 5 Income tax		
Profit/(loss) from continuing operations before income tax expense	850,544	(17,982,777)
(Loss) from discontinued operation before income tax expense	(1,080,995)	(18,987,847)
	(230,451)	(36,970,624)
Income tax calculated @ 30%	(69,135)	(11,091,187)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Amortisation of intangibles	13,165	13,404
Share based payments	213,459	720,800
Unrealised exchange differences on loan balances	1,394,693	390,845
Research and development incentive	(1,187,142)	(439,878)
Sundry items	44,200	37,477
	409,240	(10,368,539)
Deferred tax asset and deferred tax liability not recognised	227,602	11,108,872
Effect of higher rates on overseas income	(636,842)	(740,333)
Income tax expense	-	-

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2013 (continued)

	2013 \$	2012 \$
Note 6 Current Liabilities - Trade and other payables		
(a) Current		
Trade creditors	2,676,730	2,796,014
Negotiated lease settlement	2,896,296	1,103,704
Deferred grant income	723,024	88,817
Other payables	1,144,491	1,081,549
	7,440,541	5,070,084
(b) Non-current		
Negotiated lease settlement	-	2,896,296
Deferred grant income	7,210,483	1,882,868
	7,210,483	4,779,164

	Parent entity		Parent entity	
	2013	2012	2013	2012
	Shares	Shares	\$	\$
Note 7 Contributed equity				
(a) Share capital				
Ordinary shares				
Fully paid	170,249,150	170,143,997	231,417,226	231,068,369

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price \$	\$
30 June 2011	Balance	170,133,997		231,040,738
16 March 2012	Issue of shares	10,000	3.80	38,000
				231,078,738
	Less transaction costs arising on share issue			(1,538)
	Deferred tax credit recognised directly in equity			(8,831)
30 June 2012	Balance	170,143,997		231,068,369
Various	Issue of shares	105,153	Various	359,481
				231,427,850
	Less transaction costs arising on share issue			(5,367)
	Deferred tax credit recognised directly in equity			(5,257)
30 June 2013	Balance	170,249,150		231,417,226

	2013 \$	2012 \$
Note 8 Accumulated losses		
Accumulated losses at the beginning of the financial year	(119,068,672)	(82,276,667)
Net (loss) attributable to members of Silex Systems Limited	(93,119)	(36,792,005)
Accumulated losses at the end of the financial year	(119,161,791)	(119,068,672)

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2013 (continued)

	2013 \$	2012 \$
Note 9 Net tangible asset backing		
Net tangible asset backing per ordinary security	0.5915	0.5882

	2013 \$	2012 \$
Note 10 Reconciliation of net (loss) after income tax to net cash (outflows) from operating activities		
Net (loss) after income tax	(230,451)	(36,970,624)
Depreciation and amortisation	3,721,167	6,580,166
(Profit) on sale of plant and equipment	(116,154)	(195,467)
Non cash employee benefits expense - share based payments	711,531	2,402,665
Share of (profit)/loss of associate	(4,895)	31,320
Net exchange differences	(213,679)	(564,320)
Decrease/(increase) in prepayments and other current assets	1,239,074	(767,020)
(Increase)/decrease in trade and other debtors	(15,820,263)	1,444,854
Decrease in accrued income	166,558	1,239,307
(Increase)/decrease in inventories	(1,755,105)	7,296,350
Increase in trade and other creditors	4,801,776	2,303,965
(Decrease)/increase in provisions	(723,639)	1,042,390
Net cash (outflows) from operating activities	(8,224,080)	(16,156,414)

Note 11 Segment information

	Silex Systems \$	Solar Systems \$	Translucent \$	ChronoLogic \$	Total \$
2013					
Total segment revenue	24,102,506	747,405	3,005,182	11,243	27,866,336
Inter-segment revenue	(1,207,141)	-	(3,005,170)	-	(4,212,311)
Revenue from external customers	22,895,365	747,405	12	11,243	23,654,025
Segment result	15,853,031	(9,047,205)	(4,614,789)	(1,340,493)	850,544
Total segment assets	80,888,426	43,761,286	3,497,389	324,494	128,471,595
Total segment liabilities	1,915,117	9,970,906	521,515	302,461	12,709,999

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2013 (continued)

2012	Silex Systems \$	Solar Systems \$	Translucent \$	ChronoLogic \$	Total \$
Total segment revenue	10,327,364	62,839	2,082,430	19,015	12,491,648
Inter-segment revenue	(982,048)	-	(2,070,909)	-	(3,052,957)
Revenue from external customers	9,345,316	62,839	11,521	19,015	9,438,691
Segment result	1,484,055	(11,570,290)	(6,153,323)	(1,742,422)	(17,981,980)
Total segment assets	88,113,766	29,565,459	2,987,328	305,912	120,972,465
Total segment liabilities	1,715,089	4,007,021	330,330	243,832	6,296,272

The Board of Directors assess the performance of the operating segments based on a result that excludes exchange gains and losses on intercompany loans which eliminate on consolidation and amortisation of intellectual property on consolidation. In previous reporting periods, share based payment expense was also excluded from the segment result. This expense is now included, and as such the previous year comparative has been restated. A reconciliation of the segment result to net profit/(loss) from continuing operations is provided as follows.

	2013 \$	2012 \$
Segment result	850,544	(17,981,980)
Amortisation of Intellectual property on consolidation	-	(797)
Profit/(loss) before income tax from continuing operations	850,544	(17,982,777)

Segment assets are reconciled to total assets as follows:

	2013 \$	2012 \$
Segment assets	128,471,595	120,972,465
Discontinued operation - Silex Solar	274,778	3,007,623
Unallocated:		
Goodwill	8,477,619	8,477,619
Deferred tax assets	6,080	11,337
Total assets as per the balance sheet	137,230,072	132,469,044

Segment liabilities are reconciled to total liabilities as follows:

	2013 \$	2012 \$
Segment liabilities	12,709,999	6,296,272
Discontinued operation - Silex Solar	3,195,817	5,531,407
Total liabilities as per the balance sheet	15,905,816	11,827,679

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2013 (continued)

Note 12 Discontinued Operation

As reported in the 31 December 2012 half-year financial report, all Silex Solar activities have ceased and the plant was decommissioned and closed in October 2012.

A summary of the results of the discontinued operation is provided below.

	2013	2012
	\$	\$
Revenue (note 2)	886,883	8,192,351
Other income (note 3)	272,104	269,657
Expenses	(2,239,982)	(27,449,855)
(Loss) before income tax	(1,080,995)	(18,987,847)
Income tax expense	-	-
(Loss) after income tax of discontinued operation	(1,080,995)	(18,987,847)

	2013	2012
	\$	\$
Net cash (outflows) from operating activities	(1,353,350)	(3,411,963)
Net cash inflows from investing activities	221,662	180,912
Net cash (outflows) from financing activities	-	-
Net cash (outflows) from the discontinued operation	(1,131,688)	(3,231,051)

Note 13 Events occurring after reporting date

The consolidated entity is not aware of any matters or circumstances which are not otherwise dealt with in the financial statements that have significantly or may significantly, affect the operations of the consolidated entity, the results of its operations or the state of the consolidated entity in subsequent years other than those referred to in the Operational Update released to the ASX at the same time as this document.

Commentary on results

For more details on the consolidated entity's activities refer to the Operational Update which will be released to the ASX at the same time as this document.

Earnings per share and significant features of operating performance

Earnings per share from continuing operations

Basic earnings per share and diluted earnings per share from continuing operations were both 0.6 cents in the current year, compared to (10.5) cents in the previous year due to the improved result from continuing operations in the current year. The profit in the current year is mainly due to the successful completion of the Test Loop Program Phase I Milestone and the resulting milestone revenue of US\$15.0m (AU\$15.4m) to Silex Systems (nil in the previous year).

This was mostly offset by losses in the other business segments as commercialisation activities continued. Further detail is provided in the segment and trend analysis below.

Earnings per share

Basic earnings per share and diluted earnings per share were both (0.1) cents in the current year, compared to (21.6) cents in the previous year due to the improved result in the current year mentioned above. The discontinuation of the Silex Solar operation also contributed to the improved result with a loss of \$1.1m, compared to \$19.0m in the previous year.

Income tax expense was nil for the year (nil in the previous year).

Returns to shareholders

No dividends have been declared or proposed during the year.

Results of segments and trends

Silex Systems

The segment result for the parent company Silex Systems was a profit of \$15.9m compared to a profit of \$1.5m in the previous year. The improved result in the current year was due to the successful completion of the Test Loop Program Phase I Milestone resulting in milestone revenue of US\$15.0m (AU\$15.4m) to Silex Systems (nil in the previous year).

Solar Systems

The segment result for Solar Systems was a loss of \$9.0m compared to a loss of \$11.6m for the previous year, mainly due to the due to the favourable impact of the R&D Tax Incentive program of \$2.8m and an increase in Government grant income of \$2.7m.

On 24th June 2013, Solar Systems announced that it had completed construction and commissioning of Australia's largest concentrating photovoltaic (CPV) solar power station (1.5MW) in Mildura, north-west Victoria. The construction of a demonstration CPV solar power station at the Nofa Resort near Riyadh, Saudi Arabia, is also well advanced. It will be the first off-shore demonstration facility using the CS500 Dense Array Dish CPV System.

Translucent

The segment result for Translucent, based in the United States, was a loss of \$4.6m compared to a loss of \$6.2m in the previous year, due to income received from the provision of goods and services to Solar Systems and implementation of other operational cost reductions.

ChronoLogic

The segment result for ChronoLogic was a loss of \$1.3m compared to a loss of \$1.7m in the previous year. The improved result was due to the favourable impact of the R&D Tax Incentive program of \$0.5m.

Details of Associates

Silex Systems Limited has a 20% interest in Meehan Greene Technologies Ltd (20% in the previous year). The equity accounted share of profits of Meehan Greene Technologies for the current year was \$4,895 (a loss of \$31,320 in the previous year).

Other factors that affected results in the period or which are likely to affect results in the future

Positive results in the Uranium Enrichment Project in future years could result in further milestone payments and royalties under the Agreement signed with GE-Hitachi Global Laser Enrichment LLC.

In due course, positive developments from Solar Systems, Translucent and ChronoLogic have the potential to create significant value and earnings for the consolidated entity.

For further information on other factors that have affected results in the period or which are likely to affect results in the future, please refer to the Operational Update which will be released to the ASX at the same time as this document.

Compliance and Audit

This report has been prepared in accordance with AASB Standards, Interpretations issued by the Australian Accounting Standards Board or other standards acceptable to ASX.

This report and the accounts upon which the report is based use the same accounting policies.

This report gives a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

The entity has a formally constituted audit committee.



Signed

Date: 23 August 2013

Dr Michael Goldsworthy