

Silex Systems Limited

ABN 69 003 372 067

ASX Preliminary final report year ended 30 June 2015 Appendix 4E

Lodged with the ASX under Listing Rule 4.3A

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Silex Systems Limited
year ended 30 June 2015
(previous corresponding period:
year ended 30 June 2014)

Results for announcement to the market

	2015 \$	2014 \$	Movement \$	Movement %	
Cash and cash equivalents & Held to maturity investments	55,161,228	63,934,850	(8,773,622)	13.7%	↓
Revenue from ordinary activities	3,857,873	7,411,728	(3,553,855)	47.9%	↓
Earnings before interest, tax, depreciation, and amortisation from continuing operations (EBITDA)	(4,405,917)	(3,744,232)	(661,685)	17.7%	↑
Net loss from continuing operations attributable to members	(2,284,993)	(1,253,137)	(1,031,856)	82.3%	↑
Net loss from discontinued operations attributable to members	(33,659,803)	(28,235,649)	(5,424,154)	19.2%	↑
Net loss from ordinary activities after tax attributable to members	(35,944,796)	(29,488,786)	(6,456,010)	21.9%	↑
Net loss for the period attributable to members	(35,944,796)	(29,488,786)	(6,456,010)	21.9%	↑
No dividends have been paid or proposed during the reporting period					

The focus of the Company in FY2015 has been the implementation of the outcomes of the major strategic review announced by the Silex Board on 30 June 2014 that will result in the return of the Company's focus to the development of the Company's foundation technology and core asset – the SILEX laser uranium enrichment technology. The resulting restructure has seen a number of significant changes completed, including, a full operational review with a significant reduction in headcount, the closure of the ChronoLogic business, and in parallel, a rigorous global search for business development options to accelerate the transition to market for subsidiaries Solar Systems and Translucent. The implementation of the restructure is nearing completion.

The announcement of the major strategic review was followed soon after by SILEX technology Licensee, GE-Hitachi Global Laser Enrichment LLC ('GLE'), announcing its own restructure in July 2014, resulting in the slowdown of the commercialisation project in response to adverse conditions in the nuclear fuel markets, largely precipitated by the shutdown of the Japanese nuclear industry after the Fukushima disaster. GLE has completed its restructure, resulting in a significant reduction of funding for activities in its US operations, which have now been consolidated in Wilmington, North Carolina. Additionally, Silex took over funding of activities at its Lucas Heights facility in Sydney, which continues to make good progress with the development of commercial-scale plant laser systems and providing ongoing support to the GLE team in Wilmington.

Following a rigorous search for new investment which was ultimately unsuccessful, the Silex Board announced on 30 July 2015 the immediate cessation of the Solar Systems business operations. Given the considerable interest shown in the Solar Systems technology, the IP and associated expertise has been retained in the short term to pursue residual opportunities. The pursuit of business development options for Translucent continues with several interested parties advancing technical due diligence. We continue to search for opportunities to realise near term value from both the Solar Systems and Translucent technologies. Both businesses have been reported as held for sale and discontinued operations in these accounts.

We expect to complete our restructure in the coming months and thereafter focus solely on our core SILEX laser uranium enrichment technology and accordingly these financial statements have been presented to show the financial impact of the restructure. We continue to see the medium to long term outlook for uranium and enrichment services returning to strong growth, and are encouraged by the recent restart of the first Japanese nuclear reactor to come back online and the recent confirmation of Japan's commitment to generating approximately a fifth of its power requirements from nuclear energy by 2030. We firmly believe the SILEX Technology, the only third generation laser enrichment technology being commercialised in the world, remains our key asset and the best path forward to deliver value to our shareholders.

Results for announcement to the market (continued)

This Preliminary final report should be read in conjunction with the Operational Update released in conjunction with this report and recent ASX announcements.

Cash and cash equivalents & Held to maturity investments

Our cash balance as at 30 June 2015 was \$55.2m, a net decrease of \$8.8m during the year. Cash investment in the development and commercialisation of the Solar Systems and Translucent technologies continued during the year as the process for securing strategic partners and/or investors was undertaken. This investment was offset by R&D tax incentive cash receipts of \$11.5m during the year. The decrease of \$15.6m in Receipts from customers and government grants was primarily due to the impact of the Test Loop Program Phase I Milestone: Technology Demonstration and Validation receipt of US\$15.0m in the prior year (\$nil in the current year).

Revenue from ordinary activities

The decrease in revenue from ordinary activities is due to a \$3.0m reduction in Recoverable projects costs on the Uranium Enrichment Project. As noted above, in July 2014, GLE announced changes to the funding and pace of the commercialisation program to align with adverse market conditions. This resulted in GLE discontinuing funding of ongoing activities involving a small group of SILEX technology specialists based in Lucas Heights, Sydney, during the year.

Earnings before interest, tax, depreciation and amortisation from continuing operations (EBITDA)

EBITDA from continuing operations in FY2015 was a loss of \$4.4m. This comprises the loss from continuing operations of \$2.3m adjusted for net interest income of \$2.2m and depreciation and amortisation of \$0.1m.

Further commentary is provided in the next section.

Commentary on the results for the period

Continuing Operations - Silex Systems

The Silex Systems segment result was a \$2.3m loss in the current year compared to \$1.3m loss in the previous year. The increased loss was largely due to a reduction of \$3.0m in Recoverable projects costs revenue on the Uranium Enrichment Project. Interest income also decreased to \$2.2m in the current year compared to \$2.6m in the previous year as a result of lower interest rates and lower average cash / term deposit holdings in the current year. In addition, there was a reduction in expenses from continuing operations of \$2.4m compared to the prior year, including a decrease in employee benefits expense of \$1.5m and a decrease in research and development materials costs of \$0.4m.

Discontinued Operations – Solar Systems, Translucent, ChronoLogic and Silex Solar

The \$33.7m loss from discontinued operations (\$28.4m in the prior year) includes operating losses of \$11.0m (\$15.7m in the prior year) from the Solar Systems, Translucent, ChronoLogic and Silex Solar businesses. The loss was also impacted by the impairment of the carrying value of property, plant and equipment and intangible assets of \$19.3m (\$12.4m in the prior year) held by Solar Systems and Translucent, a provision for the dismantling and decommissioning of the Companies' various facilities of \$1.8m (\$0.3m of restructuring provisions in the prior year) and \$0.8m of inventory writedowns, taking the carrying value of Solar Systems inventory to \$nil. Losses on derecognition of non-controlling interest in discontinued activities was \$0.8m (\$nil in the prior year).

The Silex Board announced the immediate cessation of the Solar Systems business operation on 30 July 2015 following a rigorous search for new investment which was ultimately unsuccessful. Given the considerable interest shown in the Solar Systems technology throughout the process, the IP and associated expertise has been retained in the short term to pursue residual opportunities. Further details on the cessation of the Solar Systems business can be found in the notes to the preliminary financial statements.

Third party technical due diligence activities in relation to Translucent that have been underway have provided positive results to date and the pursuit of business development options for Translucent continues. The scale of Translucent's operation has been reduced significantly with an emphasis on conversion of business development opportunities.

The closure of the ChronoLogic business was completed in September 2014. ChronoLogic was derecognised as a subsidiary during the year for accounting purposes and an adjustment of \$0.8m has been processed on consolidation to clear the accumulated losses attributable to the minority shareholding. This had the effect of increasing the loss from discontinued operations by \$0.8m.

Net loss from ordinary activities after tax attributable to members

The net loss from ordinary activities of \$35.9m increased by \$6.5m compared to the prior year. The net loss is comprised of the loss from continuing operations attributable to members of \$2.3m (an increase of \$1.0m compared to the prior year) and the loss from discontinued operations of \$33.7m attributable to members (an increase of \$5.4m compared to the prior year). The increase in loss from continuing operations is in line with expectations as a result of Silex now funding the Lucas Heights activities following GLE's July 2014 restructure.

The net loss from discontinued operations, includes the operations of Solar Systems and Translucent as well as a small loss for the ChronoLogic operation that ceased in September 2014. As outlined above, significant expenses for the period included impairment of the carrying value of property, plant and equipment, and intangibles of \$19.3m held by Solar Systems and Translucent combined, in accordance with Australian Accounting Standards. In addition, the net loss included the anticipated costs associated with the dismantling and decommissioning of various facilities, further write downs of inventory holdings and employee termination payments made during the year.

Earnings per share from continuing operations

Basic earnings per share and diluted earnings per share from continuing operations were both (1.3) cents in the current year, compared to (0.7) cents in the previous year. The movement in negative earnings per share compared to the prior year reflects the increased loss from continuing operations as discussed above.

Commentary on the results for the period (continued)

Earnings per share

Basic earnings per share and diluted earnings per share were both (21.1) cents in the current year, compared to (17.3) cents in the previous year. The movement was due to the increased loss in the current year explained above.

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

The implementation of the Company's major strategic review, which in the current year involved a rigorous pursuit of business development opportunities for Solar Systems and Translucent, has significantly affected the results for the period. Whilst the major strategic review implementation will deliver financial and operational benefits to Silex in future years, the current year result has been impacted by asset impairments, provisions for the dismantling and decommissioning of various facilities, further write downs of inventory holdings and employee termination payments made during the year.

The path to commercialisation for the SILEX laser uranium enrichment technology continues to be affected by the slowdown in the nuclear industry as a result of the Fukushima event and the shutdown of the Japanese nuclear power plant fleet in 2011. Market conditions for uranium and enrichment services, which remain in significant oversupply, resulted in GLE announcing on 24 July 2014 their plan to restructure the commercialisation program for the SILEX Technology in order to align with the current adverse market conditions. The resulting slowdown in the pace of the commercialisation program and the timing of any market recovery for uranium and enrichment services will potentially have a negative impact on the timing of future potential milestone payments and royalties under the Agreement signed with GLE. Silex now also funds a small team of scientists and engineers at the Lucas Heights, Sydney facility, to continue the development of commercial-scale laser systems for a SILEX enrichment plant. This will ensure our core competency is maintained in the technology while providing assistance to GLE in the commercialisation of the technology.

Further information on other factors that have affected results in the period or which are likely to affect results in the future, including a number of potential factors and events that may improve market prospects for the nuclear industry, are discussed in 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 the 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.



Dr Michael Goldsworthy
21st August 2015

Silex Systems Limited
Preliminary consolidated income statement
for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue from continuing operations	2	3,674,860	7,113,672
Other income	3	42,475	569
Research and development materials		(154,296)	(560,854)
Finance costs	4	(349)	(529)
Depreciation and amortisation expense	4	(59,821)	(81,287)
Employee benefits expense		(4,017,953)	(5,552,858)
Consultants and professional fees		(642,304)	(817,515)
Printing, postage, freight and stationery		(55,462)	(80,911)
Rent, utilities and property outgoings		(474,107)	(473,459)
Net foreign exchange losses		-	(37,665)
Other expenses from continuing activities		(598,036)	(762,300)
(Loss) before income tax expense		(2,284,993)	(1,253,137)
Income tax expense	5	-	-
Net (loss) from continuing operations		(2,284,993)	(1,253,137)
Net (loss) from discontinued operations	11	(33,659,803)	(28,378,323)
Net (loss) for the year		(35,944,796)	(29,631,460)
Net (loss) is attributable to:			
Owners of Silex Systems Limited		(35,944,796)	(29,488,786)
Non-controlling interests		-	(142,674)
		(35,944,796)	(29,631,460)
		Cents	Cents
Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share		(1.3)	(0.7)
Diluted earnings per share		(1.3)	(0.7)
Earnings per share for (loss) attributable to the ordinary equity holders of the company			
Basic earnings per share		(21.1)	(17.3)
Diluted earnings per share		(21.1)	(17.3)

The above preliminary consolidated income statement should be read in conjunction with the accompanying notes, the 2014 Annual Report, the full financial report for the year ended 30 June 2014 and all ASX announcements.

Silex Systems Limited
Preliminary consolidated statement of comprehensive income
for the year ended 30 June 2015

	2015	2014
	\$	\$
Net (loss) for the year	(35,944,796)	(29,631,460)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	275,747	(295,336)
Other comprehensive income for the year, net of tax	275,747	(295,336)
Total comprehensive income for the year	(35,669,049)	(29,926,796)
Attributable to:		
Owners of Silex Systems Limited	(35,669,049)	(29,784,122)
Non-controlling interest	-	(142,674)
Total comprehensive income for the year	(35,669,049)	(29,926,796)
Total comprehensive income for the period attributable to owners of Silex Systems Limited arises from:		
Continuing operations	(2,284,993)	(1,253,137)
Discontinued operations	(33,384,056)	(28,530,985)
	(35,669,049)	(29,784,122)

The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes, the 2014 Annual Report, the full financial report for the year ended 30 June 2014 and all ASX announcements.

Silex Systems Limited
Preliminary consolidated balance sheet
as at 30 June 2015

	Note	30 June 2015 \$	30 June 2014 \$
ASSETS			
Current assets			
Cash and cash equivalents		987,777	3,178,811
Held to maturity investments - term deposits		54,173,451	60,756,039
Trade and other receivables		5,214,694	2,571,418
Inventories		-	18,498
		<u>60,375,922</u>	<u>66,524,766</u>
Assets classified as held for sale	12	1,575,487	30,819,183
Total current assets		<u>61,951,409</u>	<u>97,343,949</u>
Non-current assets			
Property, plant and equipment		64,061	110,226
Deferred tax assets		2,702	2,491
Intangible assets		688	6,594
Total non-current assets		<u>67,451</u>	<u>119,311</u>
Total assets		<u>62,018,860</u>	<u>97,463,260</u>
LIABILITIES			
Current liabilities			
Trade and other payables		968,673	1,469,740
Provisions		425,919	1,237,149
		<u>1,394,592</u>	<u>2,706,889</u>
Liabilities associated with discontinued operations	11	3,057,022	2,559,317
Total current liabilities		<u>4,451,614</u>	<u>5,266,206</u>
Non-current liabilities			
Provisions		113,110	111,971
Total non-current liabilities		<u>113,110</u>	<u>111,971</u>
Total liabilities		<u>4,564,724</u>	<u>5,378,177</u>
Net assets		<u>57,454,136</u>	<u>92,085,083</u>
EQUITY			
Contributed equity	6	231,753,076	231,671,231
Reserves		10,296,433	9,882,811
Accumulated losses	7	(184,595,373)	(148,650,577)
Capital and reserves attributable to owners of:			
Silex Systems Limited		57,454,136	92,903,465
Non-controlling interest		-	(818,382)
Total equity		<u>57,454,136</u>	<u>92,085,083</u>

The above preliminary consolidated balance sheet should be read in conjunction with the accompanying notes, the 2014 Annual Report, the full financial report for the year ended 30 June 2014 and all ASX announcements.

Silex Systems Limited
Preliminary consolidated statement of changes in equity
for the year ended 30 June 2015

	Attributable to owners of Silex Systems Limited					Total \$
	Contributed equity	Reserves	Accumulated losses	Total	Non- controlling interests	
	\$	\$	\$	\$	\$	
Balance at 30 June 2013	231,417,226	9,744,529	(119,161,791)	121,999,964	(675,708)	121,324,256
Net (loss) for the year	-	-	(29,488,786)	(29,488,786)	(142,674)	(29,631,460)
Exchange differences on translation of foreign operations	-	(295,336)	-	(295,336)	-	(295,336)
Total comprehensive income for the year	-	(295,336)	(29,488,786)	(29,784,122)	(142,674)	(29,926,796)
Transactions with owners in their capacity as owners						
Transaction costs from the issue of shares	(4,966)	-	-	(4,966)	-	(4,966)
Employee shares and options - value of employee services	-	696,178	-	696,178	-	696,178
Transfer from share based payments reserve	262,560	(262,560)	-	-	-	-
Deferred tax credit recognised directly in equity	(3,589)	-	-	(3,589)	-	(3,589)
	254,005	433,618	-	687,623	-	687,623
Balance at 30 June 2014	231,671,231	9,882,811	(148,650,577)	92,903,465	(818,382)	92,085,083
Net (loss) for the year	-	-	(35,944,796)	(35,944,796)	-	(35,944,796)
Exchange differences on translation of foreign operations	-	275,747	-	275,747	-	275,747
Total comprehensive income for the year	-	275,747	(35,944,796)	(35,669,049)	-	(35,669,049)
Transactions with owners in their capacity as owners						
Transfer of non-controlling interest on derecognition	-	-	-	-	818,382	818,382
Transaction costs from the issue of shares	(3,228)	-	-	(3,228)	-	(3,228)
Employee shares and options - value of employee services	-	222,737	-	222,737	-	222,737
Transfer from share based payments reserve	84,862	(84,862)	-	-	-	-
Deferred tax credit recognised directly in equity	211	-	-	211	-	211
	81,845	137,875	-	219,720	818,382	1,038,102
Balance at 30 June 2015	231,753,076	10,296,433	(184,595,373)	57,454,136	-	57,454,136

The above preliminary consolidated statement of changes in equity should be read in conjunction with the accompanying notes, the 2014 Annual Report, the full financial report for the year ended 30 June 2014 and all ASX announcements.

Silex Systems Limited
Preliminary consolidated statement of cash flows
for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers and government grants (inclusive of GST)		14,506,671	30,060,966
Payments to suppliers and employees (inclusive of GST)		(24,718,382)	(28,773,788)
Interest received		2,284,445	1,971,167
Interest paid		(1,805)	(529)
Net cash (outflows)/inflows from operating activities	9	(7,929,071)	3,257,816
Cash flows from investing activities			
Payments for held to maturity investments - term deposits		-	(5,092,196)
Proceeds from held to maturity investments - term deposits		6,582,588	-
Payments for property, plant and equipment		(215,990)	(708,533)
Payments for intangibles		(651,570)	(2,935,502)
Proceeds from sale of property, plant and equipment		14,636	6,773
Net cash inflows/(outflows) from investing activities		5,729,664	(8,729,458)
Cash flows from financing activities			
Transaction costs from issue of shares		(3,228)	(4,966)
Net cash (outflows) from financing activities		(3,228)	(4,966)
Net (decrease) in cash held		(2,202,635)	(5,476,608)
Cash and cash equivalents at the beginning of the financial year		3,178,811	8,720,156
Effects of exchange rate changes on cash		11,601	(64,737)
Cash and cash equivalents at end of year *		987,777	3,178,811
*Held to maturity investments excluded from Cash and cash equivalents		54,173,451	60,756,039

The above preliminary consolidated statement of cash flows should be read in conjunction with the accompanying notes, the 2014 Annual Report, the full financial report for the year ended 30 June 2014 and all ASX announcements.

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2015

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 2014, the full financial report for the year ended 30 June 2014 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.

	2015	2014
	\$	\$
Note 2 Revenue		
From continuing operations		
Recoverable project costs from GLE	1,493,766	4,540,761
Interest income	2,181,094	2,572,911
	3,674,860	7,113,672
From discontinued operations (note 11)		
Sale of goods	132,924	233,608
Services	35,168	1,582
Interest income	14,921	62,866
	183,013	298,056
	2015	2014
	\$	\$
Note 3 Other income		
From continuing operations		
Foreign currency exchange gains (net)	42,475	-
Profit on sale of property, plant and equipment	-	455
Other	-	114
	42,475	569
From discontinued operations (note 11)		
Research and development tax incentive	4,508,336	16,000,440
Government grants	668,276	9,080,315
Profit on sale of property, plant and equipment	14,636	6,318
	5,191,248	25,087,073

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2015 (continued)

	2015	2014
	\$	\$
Note 4 Expenses		
(a) Net (loss) from continuing operations before income tax includes the following expenses:		
Depreciation of plant and equipment	53,915	74,297
Amortisation of software	5,906	6,990
Total depreciation and amortisation	59,821	81,287
Finance costs		
Interest and finance charges paid/payable	349	529
Finance costs expensed	349	529
Rental expenses relating to operating leases		
Minimum lease payments	386,568	398,891
Provision for employee entitlements	(46,581)	77,561
Provision for restructuring	-	93,000
Defined contribution superannuation expense	220,730	307,131
Research and development costs	3,140,446	5,725,540
Foreign exchange losses (net)	-	37,665
(b) Net (loss) from discontinued operations before income tax includes the following expenses:		
Impairment of plant and equipment	8,012,803	-
Impairment of land and buildings	837,002	-
Impairment of leasehold improvements	57,601	-
Impairment of goodwill on consolidation - Translucent	-	8,477,619
Impairment of intellectual property	10,266,947	3,902,147
Impairment of software	142,230	-
Loss on derecognition of non-controlling interest in discontinued activities	818,382	-

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2015 (continued)

	2015	2014
	\$	\$
Note 5 Income tax		
(Loss) from continuing operations before income tax expense	(2,284,993)	(1,253,137)
(Loss) from discontinued operation before income tax expense	(33,659,803)	(28,378,323)
	(35,944,796)	(29,631,460)
Income tax calculated @ 30%	(10,783,439)	(8,889,438)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Amortisation of intangibles	-	13,165
Share based payments	66,821	208,853
Unrealised exchange differences on loan balances	3,338,830	(408,522)
Transfer of derecognition of non-controlling interests	245,515	-
Goodwill impairment	-	2,543,286
Research and development tax incentive	1,148,181	3,493,201
Sundry items	41,952	34,306
	(5,942,140)	(3,005,149)
Net deferred tax asset not recognised	7,201,047	3,699,722
Effect of higher rates on overseas income	(1,258,907)	(694,573)
	-	-
Income tax expense	-	-

	Parent entity		Parent entity	
	2015	2014	2015	2014
	Shares	Shares	\$	\$
Note 6 Contributed equity				
(a) Share capital				
Ordinary shares				
Fully paid	170,467,339	170,367,734	231,753,076	231,671,231

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price \$	\$
30 June 2013	Balance	170,249,150		231,417,226
Various	Issue of shares	118,584	Various	262,560
				231,679,786
	Less transaction costs arising on share issue			(4,966)
	Deferred tax credit recognised directly in equity			(3,589)
30 June 2014	Balance	170,367,734		231,671,231
Various	Issue of shares	99,605	Various	84,862
				231,756,093
	Less transaction costs arising on share issue			(3,228)
	Deferred tax credit recognised directly in equity			211
30 June 2015	Balance	170,467,339		231,753,076

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2015 (continued)

	2015	2014
	\$	\$
Note 7 Accumulated losses		
Accumulated losses at the beginning of the financial year	(148,650,577)	(119,161,791)
Net (loss) attributable to members of Silex Systems Limited	(35,944,796)	(29,488,786)
Accumulated losses at the end of the financial year	(184,595,373)	(148,650,577)

	2015	2014
	\$	\$
Note 8 Net tangible asset backing		
Net tangible asset backing per ordinary security	0.3370	0.4832

	2015	2014
	\$	\$
Note 9 Reconciliation of net (loss) after income tax to net cash (outflows)/inflows from operating activities		
Net (loss) after income tax	(35,944,796)	(29,631,460)
Depreciation and amortisation	59,821	19,152,324
Impairment of property, plant and equipment	8,907,406	-
Impairment of intangibles	10,409,177	12,379,766
(Profit) on sale of plant and equipment	(14,636)	(6,773)
Non cash employee benefits expense - share based payments	222,737	696,178
Share of loss of associate and writedown	-	103,131
Loss on derecognition of non-controlling interest in discontinued operations	818,382	-
Net exchange differences	(195,691)	(136,350)
Decrease in prepayments and other current assets	282	183,477
Decrease in trade and other debtors	267,076	19,276,193
Decrease/(increase) in accrued income	7,468,430	(11,682,610)
Decrease in inventories net of transfers from plant & equipment	886,194	3,451,579
(Decrease) in trade and other creditors	(1,469,290)	(11,276,256)
Increase in provisions	655,837	748,617
Net cash (outflows)/inflows from operating activities	(7,929,071)	3,257,816

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for the year ended 30 June 2015 (continued)

Note 10 Segment information

The Board of Directors assess the performance of the operating segment based on a result that excludes exchange gains and losses on intercompany loans which eliminate on consolidation and impairment of intangibles on consolidation.

Solar Systems, Translucent, ChronoLogic and Silex Solar have been disclosed as discontinued operations in the current year and prior year and not as reportable segments. Consequently, the Company only operates in one continuing segment, Silex Systems.

2015	Silex Systems	Total
	\$	\$
Total segment revenue	3,674,860	3,674,860
Revenue from external customers	3,674,860	3,674,860
Segment result	(2,284,993)	(2,284,993)

Total segment assets	59,794,515	59,794,515
Total segment liabilities	1,507,702	1,507,702

2014	Silex Systems	Total
	\$	\$
Total segment revenue	7,113,672	7,113,672
Revenue from external customers	7,113,672	7,113,672
Segment result	(1,253,137)	(1,253,137)

Total segment assets	64,764,354	64,764,354
Total segment liabilities	2,064,813	2,064,813

A reconciliation of the segment result to net (loss) from continuing operations is provided as follows:

	2015	2014
	\$	\$
Segment result	(2,284,993)	(1,253,137)
(Loss) before income tax from continuing operations	(2,284,993)	(1,253,137)

Segment assets are reconciled to total assets as follows:

	2015	2014
	\$	\$
Segment assets	59,794,515	64,764,354
Assets classified as held for sale	1,575,487	30,819,183
Unallocated assets	648,858	1,879,723
Total assets as per the balance sheet	62,018,860	97,463,260

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2015 (continued)

Segment liabilities are reconciled to total liabilities as follows:

	2015	2014
	\$	\$
Segment liabilities	1,507,702	2,064,813
Discontinued operations	3,057,022	2,559,317
Unallocated liabilities	-	754,047
Total liabilities as per the balance sheet	4,564,724	5,378,177

Note 11 Discontinued Operations

In accordance with the continued implementation of the outcomes of the Company's major strategic review throughout FY2015, the Solar Systems and Translucent businesses have been disclosed as discontinued operations as at 30 June 2015, with restatement of the comparative Preliminary consolidated income statement and consolidated statement of comprehensive income to reflect this change. The Silex Solar and ChronoLogic operations have continued to be reported as discontinued with their activities ceasing in October 2012 and September 2014 respectively.

A summary of the results of the discontinued operations of Solar Systems, Translucent, ChronoLogic and Silex Solar is provided below.

	2015	2014
	\$	\$
Revenue (note 2)	183,013	298,056
Other income (note 3)	5,191,248	25,087,073
Expenses	(39,034,064)	(53,763,452)
(Loss) before income tax	(33,659,803)	(28,378,323)
Income tax expense	-	-
(Loss) after income tax of the discontinued operations	(33,659,803)	(28,378,323)

	2015	2014
	\$	\$
Net cash (outflows) from operating activities	(6,237,983)	(12,129,534)
Net cash (outflows) from investing activities	(812,586)	(3,621,541)
Net cash (outflows) from the discontinued operations	(7,050,569)	(15,751,075)

	2015	2014
	\$	\$
Payables	(936,805)	(1,905,028)
Provisions	(2,120,217)	(654,289)
Total liabilities associated with discontinued operations	(3,057,022)	(2,559,317)

Silex Systems Limited
Notes to the preliminary financial statements
for the year ended 30 June 2015 (continued)

Note 12 Assets Held for Sale

As reported previously, on 30 June 2014, in accordance with the Company's major strategic review, Silex commenced an accelerated transition to market for subsidiaries Solar Systems and Translucent. As a result, as at 30 June 2014 the assets and liabilities of these two businesses, net of cash and held to maturity investments, were reported as Held for Sale. As the implementation of the major strategic review draws to a conclusion, Solar Systems and Translucent assets have continued to be reported as being Held for Sale as at 30 June 2015.

	2015	2014
	\$	\$
Revenue	175,675	284,882
Other income	5,190,000	24,009,678
Expenses	(37,899,886)	(43,810,181)
(Loss) before income tax	(32,534,211)	(19,515,621)
Income tax expense	-	-
(Loss) after income tax of the Held for Sale Businesses	(32,534,211)	(19,515,621)
Impairment of goodwill on consolidation - Translucent	-	(8,477,619)
Losses of other discontinued operations	(1,125,592)	(385,083)
(Loss) after income tax of discontinued operations	(33,659,803)	(28,378,323)

	2015	2014
	\$	\$
Trade and other receivables	320,658	10,699,722
Inventories	18,228	885,924
Property, plant and equipment	1,236,601	9,475,930
Intangible assets	-	9,757,607
Total assets of disposal group held for sale	1,575,487	30,819,183

Note 13 Events occurring after reporting date

Solar Systems

On 30 July 2015, Silex announced the immediate cessation of Solar Systems' business operations. The announcement followed a rigorous extended global process to attract new investment in Solar Systems which ultimately was unsuccessful. As the process revealed considerable interest in the Solar Systems concentrating dish technology during the divestment process, the company will retain the IP and associated expertise in the short-term to pursue residual opportunities.

The resulting financial effect of the 30 July 2015 decision, which is largely staff redundancy costs, has not been brought to account in the financial statements for the year ended 30 June 2015. Redundancy costs of approximately \$1.0m are expected to be brought to account in the financial statements for the year ended 30 June 2016.

Other

The consolidated entity is not aware of any other 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 above and in the Operational Update released to the ASX at the same time as this document.

Silex Systems Limited
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for the year ended 30 June 2015 (continued)

Statement of Compliance

This Appendix 4E has not been audited and is based on financial statements which are in the process of being audited.

The financial statements, together with the independent auditor's report will be made available in the Silex 2015 Annual Report.



Julie Ducie
Company Secretary

IMPORTANT NOTICE:

Forward Looking Statements and Business Risks:

Silex Systems is a research and development Company whose assets are its proprietary rights in various technologies, including, but not limited to, the SILEX technology, Solar Systems technology, and Translucent technology. Several of the Company's technologies are in the development stage and have not been commercially deployed, and therefore are high-risk. Accordingly, the statements in this announcement regarding the future of the Company's technologies and commercial prospects are forward looking and actual results could be materially different from those expressed or implied by such forward looking statements as a result of various risk factors.

Some risk factors that could affect future results and commercial prospects include, but are not limited to: results from the SILEX uranium enrichment commercialisation program; the demand for enriched uranium; the outcomes of the Company's interests in the development of various semiconductor, photonics and alternative energy technologies; the time taken to develop various technologies; the development of competing technologies; the potential for third party claims against the Company's ownership of Intellectual Property associated with its numerous technologies; the potential impact of government regulations or policies; and the outcomes of various commercialisation strategies undertaken by the Company.