

2020 Appendix 4E

Preliminary Final Report

Based on accounts that are in the process of being audited

Entity Name: Real Estate Investar Group Limited
ACN: 141 276 959

Under ASX Listing Rule 4.3A

Reporting period ("Current Period") Year ended 30 June 2020
Previous corresponding period Year ended 30 June 2019

Results for announcement to the market

| (All comparisons to year ended 30 June 2019) | | | | \$ |
|---|------|--------|----|-------------|
| Revenue from ordinary activities | Down | 13.7 % | to | 1,038,681 |
| (Loss) from ordinary activities after tax attributable to members | Down | 4.0 % | to | (1,102,030) |
| Net (Loss) for the period attributable to members | Down | 4.0 % | to | (1,102,030) |

Income statement with notes to the statement

Refer Financial Statements for year ended 30 June 2020 attached:

Consolidated statement of profit and loss
Notes to the consolidated financial statements

Balance sheet with notes to the statement

Refer Financial Statements for year ended 30 June 2020 attached:

Consolidated balance sheet
Notes to the consolidated financial statements

Cash flows statement with notes to the statement

Refer Financial Statements for year ended 30 June 2020 attached:

Consolidated statement of cash flows
Notes to the consolidated financial statements

Commentary on results for the year

Review of operations

During the financial year, the Real Estate Investar Group's ("**Group**" or "**Company**") key strategies included:

- 1) stabilising the business by reducing net churn, growing the subscriber base, and increasing the ARPU (Average Revenue Per User) and;
- 2) identifying and finalising a potential transformational transaction within the PropTech industry that can leverage the Group's core assets.

During FY 2020, and particularly in the second half of the financial year, the growth of the business was impacted by COVID-19 and the fragile Australian property market.

Even with these challenges, the Company was cash flow positive for the full year and delivered \$1,038,681 in revenue from continuing operations. This was similar to FY 2019 when revenue from continuing operations was \$1,070,795.

In addition to delivering solid financial results, the Company also:

- continued to operate the SaaS business unit profitably on a stand-alone basis;
- entered key partnerships with complementary businesses which has allowed members to get access to an enhanced suite of property investor tools; and

- entered into a transformational transaction that positions the Company to be a leader in the Australian / New Zealand PropTech industry (“**Proposed Transaction**”).

Proposed Transaction

In FY 2019, the Group identified the need to diversify its operations and commenced discussions with a number of acquisition or merger targets. On 3 March 2020, the Group entered into an implementation deed with Real Estate CRM Pty Ltd (**RECRM**), a special purpose vehicle that had acquired 100% of shares outstanding in Commerce Australia Pty Ltd (MyDesktop) from Domain Holdings Group, and 100% of shares outstanding in Vault Group Pty Limited. RECRM provides Customer Relationship Management (CRM) tools to real estate agents in Australia, New Zealand, United Kingdom and Indonesia.

As a part of this process the group is required to issue a Notice of Meeting ("**NoM**") to its shareholders and call an extraordinary general meeting ("**EGM**") , where the shareholders will be required to vote on the proposed transaction and other resolutions which can be found in the NoM.

The NoM and other details about the EGM (including how to vote) has been released and can be found [here](#).

Net tangible assets backing per ordinary share

| | | 2020 | 2019 |
|--|-------|--------|--------|
| Net tangible assets backing per ordinary share | Cents | (0.51) | (0.13) |

Dividends

No dividends have been paid, recommended or declared during the year or since the end of the year.

There were no dividends paid, recommended or declared during the previous financial period.

Dividend reinvestment plans

No dividend reinvestment plan is in place.

Statement of changes in equity

Refer Financial Report for year ended 30 June 2020:

Consolidated statement of changes in equity

Note 13 to the consolidated financial statements

Entities over which control has been gained or lost during the period

0953117 B.C. Ltd was deregistered on 1 February 2020 as this entity had not traded and was not required based on future growth plans. The effect of the deregistration of the company is not material to the financial report.

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 attached financial statements for the year ended 30 June 20.

Status of audit

This preliminary final report is based on the attached consolidated financial statements for the year ended 30 June 2020 which are in the process of being audited by the Company’s auditors, RSM Australia Partners.

The Company expects that the independent audit report will be unmodified but with a material uncertainty related to going concern (on a similar basis as the audited annual June 2019 accounts and the December 2019 interim accounts).

Other disclosure requirements

Additional ASX Appendix 4E (Listing Rule 4.3A) disclosures can be found in the preliminary 2020 financial statements and accompanying notes attached to this document. This document should be read in conjunction with the attached 2020 financial statements.

Unaudited Accounts

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

| Note | Consolidated | |
|--|--------------------|--------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Revenue and income | | |
| Revenue | 1,038,681 | 1,070,795 |
| Other income | 150,513 | 250,955 |
| Total revenue and other income | 1,189,194 | 1,321,750 |
| Expenses | | |
| Commissions | (20,900) | (15,724) |
| Costs of website and data | (209,408) | (212,618) |
| Employment expense | (607,276) | (902,161) |
| Depreciation and amortization | (229,613) | (498,902) |
| Occupancy | (40,473) | (98,853) |
| Marketing | (69,510) | (99,245) |
| IT and legal | (200,071) | (121,786) |
| Professional and consulting expenses | (663,333) | (171,106) |
| Bad debts and provision for doubtful debts | (604) | (381) |
| Other expenses | (226,003) | (171,816) |
| | (2,267,191) | (2,292,592) |
| Finance costs | (13,819) | (40,351) |
| Finance income | 132 | 548 |
| Net finance costs | (13,687) | (39,803) |
| Loss before income tax expense from continuing operations | (1,091,684) | (1,010,645) |
| Income tax expense | - | - |
| Loss after income tax expense from continuing operations | (1,091,684) | (1,010,645) |
| Loss after income tax expense from discontinued operations | (10,346) | (137,454) |
| Loss after income tax expense for the year | (1,102,030) | (1,148,099) |
| Other comprehensive income / (loss) | | |
| Items that will be reclassified to profit or loss in future periods: | | |
| Foreign currency translation differences | 10,102 | (18,730) |
| Total comprehensive loss for the year | (1,091,928) | (1,166,829) |
| Earnings per share | Cents | Cents |
| Basic and diluted loss per share (cents per share) | (0.47) | (0.67) |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

Assets Current

assets

Cash and cash equivalents

Receivables

Prepayments

Total current assets

Non-current assets

Plant and equipment

Intangible assets

Total non-current assets

Total assets

Liabilities Current

liabilities

Trade and other payables

Provision for employee entitlements

Total current liabilities

Non-current liabilities

Trade and other payables

Total non-current liabilities

Total liabilities

Net (liabilities) / assets

Equity

Contributed equity

Accumulated losses

Reserves

Total equity

| Note | Consolidated | |
|------|------------------|------------------|
| | 2020 | 2019 |
| | | |
| 8 | 369,419 | 251,974 |
| 9 | 304,802 | 727,845 |
| 9 | 40,533 | 45,917 |
| | 714,754 | 1,025,736 |
| | | |
| 10 | | |
| 11 | 3,037 | 15,439 |
| | 277,970 | 454,971 |
| | 281,007 | 470,410 |
| | | |
| | 995,761 | 1,496,146 |
| | | |
| 12 | | |
| 7 | 1,852,929 | 1,203,111 |
| | 64,268 | 60,022 |
| | 1,917,197 | 1,263,133 |
| | | |
| 12 | | |
| | - | 71,925 |
| | - | 71,925 |
| | | |
| | 1,917,197 | 1,335,058 |
| | | |
| | (921,436) | 161,088 |
| 13 | | |
| | | |
| 15 | 13,842,150 | 13,842,150 |
| | (15,148,795) | (14,046,765) |
| | 385,209 | 365,703 |
| | (921,436) | 161,088 |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

| Note | Contributed equity | Accumulated losses | Share based payment reserve | Foreign currency translation reserve | Total equity |
|---|--------------------|---------------------|-----------------------------|--------------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 12,469,579 | (12,422,022) | 342,663 | (1,534) | 388,686 |
| Adjustment for change in accounting policy | | (476,644) | | 3,547 | (473,097) |
| Balance at 1 July 2018 - restated | 12,469,579 | (12,898,666) | 342,663 | 2,013 | (84,411) |
| Loss after income tax expense for the year <i>Other comprehensive income for the year</i> | | (1,148,099) | | | (1,148,099) |
| Exchange difference on translation of foreign operations | | | | | |
| Total comprehensive loss for the year | - | - | - | (18,730) | (18,730) |
| <i>Transaction with owners in their capacity as owners:</i> | | | | | |
| Share-based payments | - | (1,148,099) | - | (18,730) | (1,166,829) |
| Shares issued, net of transaction costs | - | | 39,757 | - | 39,757 |
| Balance at 30 June 2019 | 1,372,571 | - | - | - | 1,372,571 |
| Balance at 1 July 2019 | 13,842,150 | (14,046,765) | 382,420 | (16,717) | 161,088 |
| Loss after income tax expense for the year <i>Other comprehensive income for the year</i> | | (14,046,765) | 382,420 | (16,717) | 161,088 |
| Exchange difference on translation of foreign operations | 13,842,150 | (1,102,030) | - | - | (1,102,030) |
| Total comprehensive loss for the year | - | - | - | - | - |
| <i>Transaction with owners in their capacity as owners:</i> | | | | | |
| Share-based payments | - | - | - | 10,102 | 10,102 |
| Shares issued, net of transaction costs | - | (1,102,030) | - | 10,102 | (1,091,928) |
| Balance at 30 June 2020 | - | - | 9,404 | - | 9,404 |
| | - | - | - | - | - |
| | 13,842,150 | (15,148,795) | 391,824 | (6,615) | (921,436) |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

Cash flows from operating activities

Receipts from customers (inclusive of GST)
 Payments to suppliers and employees (inclusive of GST) Receipt
 of government grants and tax incentives
 Interest paid
 Interest received
Net cash flow from / (used in) operating activities

Note

16

Cash flows from investing activities

Payment for website development
 Receipt of research and development claim Payment
 for property, plant and equipment
 Proceeds from disposal of property, plant and equipment
 Payment for acquisition of business
Net cash flow from investing activities

Cash flows from financing activities

Proceeds from borrowings Proceeds
 from issue of shares Payments for equity
 raising costs
Net cash flow from financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the financial year **Cash and
 cash equivalents at the end of the financial year**

8

| | | Consolidated | |
|--|--|----------------|--------------------|
| | | 2020 | 2019 |
| | | \$ | \$ |
| | | 1,471,567 | 1,444,076 |
| | | (1,428,764) | (2,490,108) |
| | | 40,940 | - |
| | | (16,301) | (51,587) |
| | | 132 | 548 |
| | | 67,574 | (1,097,071) |
| | | | |
| | | (51,376) | (123,491) |
| | | 100,140 | 159,098 |
| | | - | - |
| | | 1,107 | 1,006 |
| | | - | - |
| | | 49,871 | 36,613 |
| | | | |
| | | - | 550,000 |
| | | - | 681,648 |
| | | - | (26,660) |
| | | - | 1,204,988 |
| | | | |
| | | 117,445 | 144,530 |
| | | 251,974 | 107,444 |
| | | 369,419 | 251,974 |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, and is inclusive of the cash flows from discontinued operations, refer to Note 5 (c).

Notes to the accounts

1. Accounting standards

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual financial statements and the last half-year financial statements.

2. Segment reporting

Due to the discontinued operations of the segment known as the Property Transaction Business Unit in FY 2019, the Group no longer has any significant operating segments to report other than the Subscriptions Business Unit.

3. Revenue and other income

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| Revenue from contracts with customers | | |
| Rendering of services | 1,038,681 | 1,070,795 |
| Total revenue | 1,038,681 | 1,070,795 |
| Total other income | | |
| Debt forgiveness | - | 234,955 |
| Government grants and tax incentives | 40,940 | - |
| Other revenue ¹ | 109,573 | 16,000 |
| Total other income | 150,513 | 250,955 |
| Total revenue and other income | 1,189,194 | 1,321,750 |

¹ From March 2020 the group entered into an agreement with Real Estate CRM Pty Ltd ("RECRM") and its subsidiaries to offer consulting and corporate services in relation to assisting RECRM during the transition and preparation for the relisting process. These services were provided by the executive and senior team of the group. These services were charged at cost.

The Group derives its revenue from the transfer of services over time and at a point in time. The following table provides a breakdown of revenue by the timing of when performance obligations are satisfied and by major service line.

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| Disaggregation of revenue | | |
| Subscriptions | 930,478 | 1,032,981 |
| Transaction services | 108,203 | 37,814 |
| Total revenue from contracts with customers | 1,038,681 | 1,070,795 |
| Geographical sources of revenue | | |
| Australia | 921,786 | 989,215 |
| New Zealand | 116,895 | 81,580 |
| Total revenue | 1,038,681 | 1,070,795 |

4. Income tax

Income tax

Total income tax expense in profit or loss

The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:

Profit/(loss) from continuing operations before income tax expense

Profit/(loss) from discontinued operations before income tax expense

Add back other adjustments

Income tax benefit at the Australian tax rate of 27.5% (2019: 27.5%)

Non-deductible expenses:

- Share based expense

- Other

Non-assessable income R & D rebate

Other non-assessable income COVID-19 related government grants

Tax effect of deferred tax assets not brought to account

Income tax expense at effective tax rate of 27.5% (2019: 27.5%)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in the statement of financial position for the following items:

Unused tax losses

Deductible temporary differences

Potential benefit at 27.5% (2019: 27.5%)

| 2020 | 2019 |
|--------------------|--------------------|
| \$ | \$ |
| - | - |
| (1,091,684) | (1,010,645) |
| (10,346) | (137,454) |
| - | (483,252) |
| (1,102,030) | (1,631,351) |
| 303,058 | 448,621 |
| (2,586) | (10,933) |
| (12,174) | (430) |
| 39,193 | 39,193 |
| 11,259 | |
| 338,750 | 476,451 |
| - | - |

| 2020 | 2019 |
|-------------------|-------------------|
| \$ | \$ |
| 10,963,545 | 9,989,472 |
| 699,052 | 716,171 |
| 11,662,597 | 10,705,643 |
| 3,207,214 | 2,944,052 |

The deferred tax asset has not been brought to account on the basis that it is not expected that sufficient taxable income will be generated within the next twelve months to utilise the losses or to offset the temporary differences. At the point where it is more probable that sufficient taxable income will be generated to utilise the losses and to offset the temporary differences, the deferred tax asset will be recognised as an asset. There is no expiry date on the future deductibility of the unused tax losses.

5. Discontinued operations

a) During FY 2019 the board decided to discontinue the operations of the property transaction business unit. The decision was made due to its unsatisfactory performance and future growth opportunities in a difficult market. Further investment and large amounts of working capital would have been required which was not seen viable from an operational and overall business position.

(b) Result of discontinued operations

Financial performance information

Revenue

Property

Total revenue

Commissions

Employment expense

Depreciation and amortisation

Occupancy

Marketing

Professional and consulting expenses

Bad debts and allowance for expected credit losses

Other Expenses

Total expenses

Loss before income tax expense

Income tax

Loss after income tax from discontinued operations

| 2020 | 2019 |
|-----------------|------------------|
| \$ | \$ |
| - | 132,959 |
| - | 132,959 |
| - | 17,430 |
| - | (150,324) |
| (348) | (9,689) |
| (66) | (10,146) |
| - | (10,986) |
| - | (49,177) |
| (331) | (34,263) |
| (9,601) | (23,258) |
| (10,346) | (270,413) |
| (10,346) | (137,454) |
| - | - |
| (10,346) | (137,454) |

5. Discontinued operations (continued)

(c) Cash flow information

| | |
|--|---------|
| Net cash from operating activities | 119,446 |
| Net cash from investing activities | 1,107 |
| Net increase in cash and cash equivalents from discontinued operations | 120,553 |

| 2020 | 2019 |
|----------------|---------------|
| \$ | \$ |
| 119,446 | 72,331 |
| 1,107 | - |
| 120,553 | 72,331 |

6. Employment expense

Employee benefits expense

| | |
|---|----------|
| Short-term employee benefits | 569,466 |
| Post employment benefits | 43,808 |
| Other long term benefits | 6,871 |
| Termination benefits | - |
| Equity-settled share-based payments | 9,404 |
| Capitalised salaries & oncosts to website | (39,927) |

Total employee benefits expense

Other employment related costs

Total employment expense

| 2020 | 2019 |
|----------------|----------------|
| \$ | \$ |
| 569,466 | 843,090 |
| 43,808 | 69,744 |
| 6,871 | 39,907 |
| - | 12,000 |
| 9,404 | 29,983 |
| (39,927) | (101,152) |
| 589,622 | 893,572 |
| 17,654 | 8,589 |
| 607,276 | 902,161 |

7. Provision for employee entitlements

Employee liabilities

Current

Provision for employee entitlements

Total current employee benefits

| 2020 | 2019 |
|---------------|---------------|
| \$ | \$ |
| 64,268 | 60,022 |
| 64,268 | 60,022 |

The current portion of these liabilities represents the Group's obligations to its current and former employees that are expected to be settled during the next 12 months and its accrued annual leave liabilities and current accrued long service leave.

8. Cash and cash equivalents

Cash and cash equivalents

Cash at bank and in hand

Call deposits

| 2020 | 2019 |
|----------------|----------------|
| \$ | \$ |
| 208,121 | 125,907 |
| 161,298 | 126,067 |
| 369,419 | 251,974 |

Cash at bank and in hand are non-interest bearing. Deposits at call bear floating interest rates between 0.05% and 0.25% (2019: 0.25% and 0.50%).

9. Trade and other receivables

Current

Trade and other receivables

| | |
|--------------------------------------|-----------|
| Trade receivables | 204,028 |
| Allowance for expected credit losses | (149,349) |
| Other debtors | 4,217 |

Accrued income

| | |
|--------------------------------------|----------|
| Research and development claim | - |
| Subscriptions | 7,258 |
| Property transactions | 301,135 |
| Allowance for expected credit losses | (62,487) |

Total current receivables

Prepayments

Total current prepayments

| 2020 | 2019 |
|----------------|----------------|
| \$ | \$ |
| 204,028 | 185,686 |
| (149,349) | (151,795) |
| 4,217 | 11,649 |
| 58,896 | 45,540 |
| - | 100,140 |
| 7,258 | 14,973 |
| 301,135 | 674,035 |
| (62,487) | (106,843) |
| 245,906 | 682,305 |
| 304,802 | 727,845 |
| 40,533 | 45,917 |
| 40,533 | 45,917 |

10. Plant & equipment

Plant and equipment

Office equipment
Less: Accumulated depreciation

Total plant and equipment

| 2020 | 2019 |
|--------------|---------------|
| \$ | \$ |
| 48,905 | 78,604 |
| (45,868) | (63,165) |
| 3,037 | 15,439 |

11. Intangible assets

Intangible assets

Website at cost
Less: Accumulated amortisation

Total intangible assets

| 2020 | 2019 |
|----------------|----------------|
| \$ | \$ |
| 2,699,255 | 2,647,879 |
| (2,421,285) | (2,192,908) |
| 277,970 | 454,971 |

12. Trade and other payables

Current

Trade creditors
Accruals
Income in advance
Other payables

Total current payables

Non-current

Trade creditors

Total non-current payables

| 2020 | 2019 |
|------------------|------------------|
| \$ | \$ |
| 676,001 | 542,064 |
| 975,806 | 453,942 |
| 201,122 | 154,623 |
| - | 52,482 |
| 1,852,929 | 1,203,111 |
| | |
| - | 71,925 |
| - | 71,925 |

Trade creditors are unsecured and are normally settled within 30 to 60 days.

13. Contributed equity

Contributed equity

Ordinary shares - fully paid
Equity raising costs

| 2020 | 2019 |
|-------------------|-------------------|
| \$ | \$ |
| 14,644,130 | 14,644,130 |
| (801,980) | (801,980) |
| 13,842,150 | 13,842,150 |

The share capital of the consolidated group consists only of fully paid ordinary shares, the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Real Estate Investar Group Ltd.

Movement in ordinary share capital:

Balance at 1 July
Issue of shares rights issue (2019: 7 Jan 19)
Capital raising costs

Total contributed equity at 30 June

| 2020 | 2019 | 2020 | 2019 |
|--------------------|--------------------|-------------------|-------------------|
| Shares | Shares | \$ | \$ |
| 233,205,108 | 116,602,554 | 13,842,150 | 12,469,579 |
| - | 116,602,554 | - | 1,399,231 |
| - | - | - | (26,660) |
| 233,205,108 | 233,205,108 | 13,842,150 | 13,842,150 |

14. Share based payments

Director options

Options granted in prior periods

On 29 November 2018, at the Annual General Meeting, shareholders' approved the granting of 4 million share options to Joe Hanna. The option holder is entitled to acquire 1 newly issued share for each option held. These options have been granted for nil consideration and have an exercise price \$0.015 per option. The options vested on the date of issue and will lapse on 30 November 2023.

In conjunction with the appointment of the director, on 29 January 2019, the Company granted 4 million share options to Sam Plowman. The option holder is entitled to acquire 1 newly issued share for each option held. These options have been granted for nil consideration and have an exercise price \$0.012 per option. The options are exercisable after 29 January 2021, subject to Sam Plowman being a director of the Company at that time, and will lapse on 27 January 2023.

On 31 January 2019, the Company granted 4 million share options to an independent contractor in lieu of cash consideration for the provision of accounting and corporate advisory services for the Company throughout FY2019. The option holder is entitled to acquire 1 newly issued share for each option held. These options have been granted for nil consideration and have an exercise price \$0.015 per option. The options vested on the date of issue and will lapse on 30 January 2021.

The Company granted 3 million share options to the directors upon the ASX listing on 10 December 2015. These options vested 31 December 2017. The options have been issued on the following terms. Each holder is entitled to acquire 1 newly issued share for each option held. The options have been granted for nil consideration and have an exercise price \$0.20 per option. The options are exercisable after 31 December 2017 and lapse on 31 December 2020.

No options have been exercised in the reporting period. The options do not carry any dividend or voting rights.

Employee share option plan

The Real Estate Investar Group Limited employee share option Plan (ESOP) was approved on 13 November 2015 and gives all staff the opportunity to participate in the plan. Options vest 2 years after grant date if the staff member is still employed by Real Estate Investar Group Limited. The company granted 1,450,000 share options to employees under the ESOP to eligible employees, of which 450,000 options are outstanding as at 30 June 2020 (30 June 2019: 475,000).

The options have been issued on the following terms. Each holder is entitled to acquire 1 newly issued share for each option held. The options have been granted for nil consideration and have an exercise price \$0.20 per option. The options are exercisable after 27 April 2018 and lapse on 27 April 2021.

No options have been exercised in the reporting period. The options do not carry any dividend or voting rights.

14. Share based payments (continued)

Share based payment expense for options

Share-based payment expense recognised during the financial year:

Vesting of options issued to directors

Issue of options to director

Vesting of options issued to contractor

| 2020 | 2019 |
|--------------|---------------|
| \$ | \$ |
| - | 26,065 |
| 9,404 | 3,918 |
| - | 9,774 |
| 9,404 | 39,757 |

15. Reserves

The share based payment reserve is used to recognise the value of equity settled share-based payments provided to employees, including key management personnel and consultants, as part of their remuneration

The foreign currency translation reserve arises as a result of translating financial statement items from the functional currency into the presentational currency using the exchange rate at the balance sheet date, which differs from the rate in effect rate at the last measurement date.

Movements in reserves:

Balance at 1 July 2019

Amounts restated (calculated under AASB9) at 1 July 2018

Recognition of director share options

Recognition of employee share options

Recognition of contractor share options

Recognition of exchange differences

Balance at 30 June 2020

| | Share based payment reserve | | Foreign currency translation reserve | | Total | |
|--|-----------------------------|----------------|--------------------------------------|-----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 382,420 | 342,663 | (16,717) | (1,534) | 365,703 | 341,129 |
| Amounts restated (calculated under AASB9) at 1 July 2018 | - | - | - | 3,547 | - | 3,547 |
| Recognition of director share options | 9,404 | 29,983 | - | - | 9,404 | 29,983 |
| Recognition of employee share options | - | - | - | - | - | - |
| Recognition of contractor share options | - | 9,774 | - | - | - | 9,774 |
| Recognition of exchange differences | - | - | 10,102 | (18,730) | 10,102 | (18,730) |
| Balance at 30 June 2020 | 391,824 | 382,420 | (6,615) | (16,717) | 385,209 | 365,703 |

16. Reconciliation of cash flows from operating activities to operating results

Reconciliation of cashflows from operating activities

Loss for the period

Non cash flows in operating result:

Depreciation

Loss on disposal of equipment

Share based payment expense

Doubtful debts expense

Debt forgiveness

Movements in operating assets and liabilities:

Decrease in trade and other receivables

Decrease in prepayments

Increase / (decrease) in trade and other payables

Increase / (decrease) in income in advance

Increase / (decrease) in foreign translation reserve

Net cash inflows / (outflows) from operating activities

| 2020 | 2019 |
|---------------|--------------------|
| \$ | \$ |
| (1,102,030) | (1,148,099) |
| 229,755 | 508,191 |
| 9,807 | 3 |
| 9,404 | 107,340 |
| (45,315) | 34,644 |
| - | (234,955) |
| 368,218 | 195,790 |
| 5,384 | 50,489 |
| 535,639 | (497,047) |
| 46,499 | (97,478) |
| 10,213 | (15,949) |
| 67,574 | (1,097,071) |

17. Earnings per share

Earnings per share

Profit/(Loss) attributable to ordinary shareholders

Weighted average number of ordinary shares used in basic and diluted earnings per share¹

Earnings per share

(Cents)

Diluted earnings per share

(Cents)

| 2020 | 2019 |
|-------------|-------------|
| \$ | \$ |
| (1,102,030) | (1,148,099) |
| 233,205,108 | 172,507,888 |
| (0.47) | (0.67) |
| (0.47) | (0.67) |

¹The weighted average number of ordinary shares for FY2019 was updated to reflect new issues of shares in January 2019.

Signed



Simon Baker

Chairman

Date: 31 August 2020

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