APPENDIX 4E

PRELIMINARY FINAL REPORT

Name of Entity:	**MOQ LIMITED**
ABN:	**94 050 240 330**
Reporting period:	**Financial year ended 30 June 2019**
Previous corresponding period:	**Financial year ended 30 June 2018**

Results for Announcement to the Market

Set out below are the unaudited statutory results for MOQ Ltd ("MOQ" or the "Company") and its controlled entities for the year ended 30 June 2019.

	FY 2019	FY 2018	Movement %
Revenue from ordinary activities	67,870,016	59,133,415	15%
EBITDA	1,334,191	2,167,434	(38%)
Net profit / (loss) from ordinary activities after tax attributable to members	2,288,024	1,129,181	103%
Interim dividend per share (fully franked)	n/a	n/a	-
Final dividend per share (fully franked)	n/a	n/a	-
Basic Earnings/(Loss) per share (cents per share) **-Continuing operations** **- Discontinuing operations**	1.42 -	0.70 -	103% -
Diluted Earnings/(Loss) per share (cents per share) **- Continuing operations** **- Discontinuing operations**	1.35 -	0.68 -	98% -
Net Tangible Asset Backing per share (cents per share)	3.89	2.71	43%

Dividend information

	Amount (cents per share)	Record Date	Payment Date
Interim dividend	n/a	n/a	n/a
Final dividend	n/a	n/a	n/a
The company does not have a dividend reinvestment plan.			

MOQ

Commentary on operating results for the year

Through FY19, MOQ has continued to drive its strategy to develop, build and acquire complementary Cloud focused technology businesses.

The focus has been on balancing the following range of short, medium and long-term priorities:

1. A continuation of the organic growth trajectory of the previous two financial years.
2. Increasing Recurring Services income streams in volume and also as a proportion of contribution to the Group
3. To identify and lock down a high value acquisition for completion in early FY20.
4. Maintain the investment cycle for key strategic imperatives – our NSW operation, the Skoolbag platform refresh, the Managed Services business and key vendor partner alliances.
5. For the MOQdigital business, successfully executing on major contract wins from FY18.
6. Ensure ongoing sustainable financial achievement – Operational Expense control, EBITDA and Cash position.

Key achievements for the period include:

1. Continuation of Organic Growth:
    a. Overall revenue from ordinary activities grew $8.74M being a 14.6% increase on FY18
    b. The Services Business grew by 6.3% to $31.34M
    c. Technology Sales Revenue was up 23% to $36.5M, reflecting increased market demand in H1 of FY19.

2. Recurring Services Growth
    a. Recurring Services revenues grew by 19.3% to $13.5M.
    b. This now represents 43% of all services sold and delivered
    c. This was achieved despite delays experienced in expected increased revenue from our largest contract win from FY18 not becoming fully available until March 2019.

3. Merger and Acquisition Success
    a. In early August 2019 the Wardy IT Solutions acquisition was announced and it is on schedule for completion on 30 August 2019. (See ASX Announcement dated 12 August 2019)
    b. MOQ will commence realising financial benefit from this transaction from 1 September 2019.
    c. There is an ongoing program to identify businesses that are suitable M&A partners for MOQ Limited.

4. Ongoing Investments – these are covered for MOQdigital and Skoolbag Overview sections below

5. Major Recurring Service Engagements
    a. MOQdigital has onboarded 6 new major managed services clients during FY19. Five of these have been successfully transitioned and are in a healthy Business As Usual mode.
    b. There were significant transition delays for our largest new contracted managed services client, which have now been resolved. These primarily arose out of unforeseen complexities of the client's previous ICT environment. This complexity has resulted in higher than expected work effort and rework by MOQdigital and the Prime Contractor to migrate and transition the client's applications and data. The resultant impact being:
        i. MOQdigital incurred significant and unexpected labour costs in its Professional Services business through H2 of FY19.
        ii. This also resulted in an opportunity cost, as staff were not able to engage on other client opportunities, some of which were subsequently lost.
        iii. The Managed service did not become fully activated until 1 March 2019, delayed from 1 October 2018, so Recurring Service revenue streams were partially delayed.
        iv. Whilst MOQdigital has incurred substantial expenses, as this is a $12M contract value with potential for $15M plus over the 5 to 8 year contract term, we have

taken a long term view of the transaction and are in discussions with the Prime Contractor for adjustments to both transition and ongoing fees

v. We have taken a provision of $200,000 in the FY19 accounts and have decided to incur all one off costs in FY19.

c. This table quantifies the opportunity costs of the delay and extra work effort that was required during the FY19 financial year to transition the client. As can be seen below, given the cost has been borne by MOQ, the financial impact in FY19 of the delay and extra work has been calculated to be in excess of $1M to MOQ's revenue, gross profit and EBITDA in H2 FY19.

ITEM	**Adjustment**
Cost of Resources	$497,450
Opportunity Cost @ Gross Margin	$99,490
Managed Service Delay Billing Shortfall	**$478,035**
TOTAL COST OF EXTRA EFFORT REQUIRED - H2 FY19	**$1,074,975**

6. Sustainable Financial Achievement
   a. Normalised EBITDA in FY19 is $2,164,314, approximately equivalent to FY18. This excludes the ~$1m outlined in point 5 above as a result of the impact of the delay and extra work on transitioning a major managed services client to commence the 5 to 8 year contract
   b. Profit after Tax for FY19 of $2,288,024, an increase of 103% on prior year which is attributable to income tax credits from realisation of prior year losses.
   c. Operating Cashflow improvement between FY18 and FY19 of 78.6% and Cash Balance growth by 32% to $5,230,606
   d. The following one-off expenses and provisions have been incurred in FY19
      i. M&A corporate advisory, due diligence and transaction fees of $280,661 – resulting in the successful acquisition of Wardy IT Solutions;
      ii. Taxation consulting fees of $349,462 – success-based tax advisory fee for obtaining a successful private binding ruling regarding utilisation of past tax losses resulting in a material tax and cash benefit to the Company; and
      iii. Additional Doubtful Debt Provision - $200,000
   e. Operating expenses excluding depreciation and the one-off expenses and provision identified above was 15.3% of revenue in FY19, an improvement on FY18 (16.2%).

	FY17	**FY18**	**FY19**
Normalised EBITDA	**1,827,719**	**2,167,434**	**2,164,314**
Adjustments			
Implementation of Service Management System	(469,000)		
Integration of Tetran acquisition	(278,000)		
Restructure of Professional Services and Management	(323,000)		
M&A consulting and due diligence fees			(280,661)
Taxation advisory fees (successfully claiming $1.5m deferred tax assets)			(349,462)
Provision for doubtful debts			(200,000)
Reported EBITDA	**757,719**	**2,167,434**	**1,334,191**
Interest Income	15,684	13,284	19,035
Depreciation & Amortisation	(519,007)	(611,779)	(724,612)
Net Profit before Tax	**254,396**	**1,568,939**	**628,614**
Income Tax Credit / (Expense)	(153,420)	(439,758)	1,659,410
Statutory Net Profit after tax	**100,976**	**1,129,181**	**2,288,024**

MOQdigital

The MOQdigital business continues to provide a range of services and solutions to enable digital business transformation including consulting, integration, and managed services across applications, data and infrastructure platforms.

For MOQdigital, some highlights for FY19 include:

1. **Positioning to leverage the Digital Transformation trend** – our strategic decision in FY19 to invest in both growing MOQdigital's capability as well as accelerate M&A effort in this space, which has resulted in the Wardy IT Solutions acquisition, ensures that MOQ is well placed to capitalise in this high growth market. The combined market presence of MOQdigital and Wardy IT Solutions will contribute in excess of $20M of Services to MOQ in FY20 in Digital Services market place.

2. **Sales and Business Development Progress –** whilst retaining great clients is critical, business growth cannot happen without new clients. Over the last two years we have invested in our business development capability. This is reaping direct benefits. In FY19, over 16% of revenue from our top 20 clients came from clients who are new to MOQdigital over the last two years.

3. **Growing our Offering through leveraging the Colombo, Sri Lanka Service Centre –** our investment in Colombo business has resulted in an enhanced VTeams offering. This allows our clients, especially those with international presence and staffing requirements to shape, build and house their own teams under MOQdigital's guidance and oversight. A number of our clients have taken up the opportunity and we are now in a position to accelerate this offering into market

4. **The Microsoft Opportunity –** In the mid-tier enterprise business market segment, Microsoft is the clear leader for a range of Cloud Services, including Platforms, Applications and Infrastructure. MOQdigital has further enhanced its position with Microsoft, with the Wardy IT Solutions acquisition and is further investing in working closer in go to market efforts to capitalise on this opportunity.

SkoolBag

The SkoolBag business operates and develops a market leading Software-as-a-Service ("SaaS") communications platform, including mobile apps, primarily for School and Education customers and also in the sports vertical.

For SkoolBag, some highlights for FY19 include:

1. Completed full release of new SkoolBag mobile app

2. SkoolBag's new mobile app hit #1 in Top Charts on Apple App Store and Google Play Store in late 2018

3. Implemented price increase across all school subscription renewals over FY19 with school contracts now on the higher $3 per student per year pricing (previously $1 per student per year)

4. +79% YoY increase in Monthly Recurring Revenue (MRR) to $210,000 at the end of FY19 ($117,000 at the end of FY18)

5. Developed new electronic school newsletter feature. The 'SkoolBag eNewsletter' beta concluded in August and the new product will be rolled out to all customers in September 2019

6. Consistently high Net Promotor Scores (NPS) and Customer Satisfaction Scores (CSAT). SkoolBag's increased customer engagement stems from implementation of improved pro-active customer success initiatives, including data analytics driven outreach processes and automated user guides/walkthroughs.

Summary

Despite some unexpected challenges during FY19, MOQ Limited continued to move its business forward, balancing short term returns with key strategic decisions and actions to maintain momentum as it continues to develop MOQ Limited into a high value, market leading publicly listed technology company geared around servicing the needs of enterprises seeking to drive digital transformation initiatives.

In alignment with this strategy The Directors of the Company would like to emphasise that MOQ Limited is continuing to actively seek strategic acquisitions through an ongoing program run by the MOQ Executive team and its advisors to identify and qualify suitable M&A partners.

Additional information

Additional Appendix 4E disclosures can be found in the Notes accompanying the Statement of Profit or Loss and other comprehensive income and Statement of Financial Position.

This Appendix 4E is based on the 30 June 2019 financial report, which is in the process of being audited by Stantons International Audit and Consulting Pty Ltd (Stantons International).

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Revenue			
Revenue	3	67,870,016	59,133,415
Other income	3	59,646	139,767
Total Revenue		**67,929,662**	**59,273,182**
Cost of sales	4	(55,337,023)	(47,525,863)
Gross Profit		12,592,639	11,747,319
Expenses			
Share based payments		(197,566)	(160,750)
Depreciation & amortisation expenses	4	(400,378)	(367,566)
Amortisation expenses	4	(324,234)	(244,213)
Employee costs	4	(6,357,526)	(5,815,013)
Legal costs	4	(101,575)	(81,153)
ASX and registry related expenses		(50,861)	(48,667)
Marketing expense		(559,305)	(609,643)
Occupancy expenses		(1,165,982)	(1,080,323)
Professional fees	4	(932,732)	(319,494)
Telecommunication carrier expenses		(277,559)	(340,293)
Other expenses		(1,596,307)	(1,111,265)
Total expenses		**(11,964,025)**	**(10,178,380)**
Profit before income tax expense		**628,614**	**1,568,939**
Income tax credit / (expense)		1,659,410	(439,758)
Profit after income tax		**2,288,024**	**1,129,181**
Other comprehensive profit for the year			
Exchange differences on translating foreign subsidiaries		(54,055)	7,779
Total comprehensive profit for the year		**2,233,969**	**1,136,960**

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	2019 $	2018 $
Profit is attributable to		
MOQ Limited	2,288,024	1,129,181
	2,288,024	1,129,181
Total comprehensive profit is attributable to		
MOQ Limited	2,233,969	1,136,960
	2,233,969	1,136,960
Earnings per share attributable to equity holders of the parent entity		
Basic earnings per share (cents per share)	1.42	0.70
Diluted earnings per share (cents per share)	1.35	0.68

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 $	2018 $
Current Assets			
Cash and cash equivalents	**5**	5,230,606	3,963,738
Trade and other receivables	**6**	9,824,238	9,999,166
Work In Progress		223,380	455,590
Tax Receivable		81,860	-
Other assets		749,317	1,318,706
		16,109,401	15,737,200
Non Current Assets			
Other Assets		1,069,524	422,219
Deferred tax assets	**7**	2,055,485	660,367
Property plant and equipment		883,354	892,399
Intangibles		15,016,255	14,482,355
		19,024,618	16,457,340
Total assets		**35,134,019**	**32,194,540**
Current Liabilities			
Trade and other payables	**8**	8,963,037	8,325,577
Deferred revenue	**9**	2,891,056	3,021,008
Provisions	**10**	1,771,733	1,705,113
Current tax payable		56,019	172,893
		13,681,845	13,224,591
Non - Current Liabilities			
Provisions	**10**	159,224	108,533
Total Liabilities		**13,841,069**	**13,333,124**
Net Assets		**21,292,950**	**18,861,416**
Equity			
Issued capital	**11**	49,615,752	49,615,752
Reserves		285,277	141,766
Accumulated losses		(28,608,079)	(30,896,102)
Total Equity		**21,292,950**	**18,861,416**

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	$	$	$	$
Balance as at 1 July 2018	**49,615,752**	**141,766**	**(30,896,102)**	**18,861,416**
Net profit for the year	-	-	2,288,024	2,288,024
Other comprehensive loss	-	(54,055)	-	(54,055)
Total comprehensive income for the year	-	**(54,055)**	**2,288,024**	**2,233,969**
Transactions with owners in their capacity as owners	-	-	-	-
Issue of share capital	-	-	-	-
Option Premium Reserve	-	197,566	-	197,566
Balance as at 30 June 2019	**49,615,752**	**285,277**	**(28,608,079)**	**21,292,950**

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

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

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	$	$	$	$
Balance as at 1 July 2017	**49,615,752**	**(26,763)**	**(32,025,283)**	**17,563,706**
Net profit for the year	-	-	1,129,181	1,129,181
Other comprehensive Profit	-	7,779	-	7,779
Total comprehensive income for the year	-	**7,779**	**1,129,181**	**1,136,960**
Transactions with owners in their capacity as owners	-	-	-	-
Issue of share capital	-	-	-	-
Option Premium Reserve	-	160,750	-	160,750
Balance as at 30 June 2018	**49,615,752**	**141,766**	**(30,896,102)**	**18,861,416**

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	2019 $	2018 $
Cash flow from operating activities		
Receipts from customers	74,877,278	64,524,345
Payments to suppliers and employees	(71,586,095)	(62,509,429)
Interest received	19,035	13,284
Income taxes received / paid	63,063	(139,447)
Net cash provided by operating activities	3,373,281	1,888,753
Cash flow from investing activities		
Payment for property plant and equipment	(353,049)	(556,299)
Payments for intellectual property	(858,134)	(563,178)
Payment for deposits	(126,707)	(71,397)
Payments for capitalised costs	(768,523)	-
Net cash (used in) investing activities	(2,106,413)	(1,190,874)
Cash flow from financing activities		
Proceeds from issue of shares	-	-
Share issued costs	-	-
Net cash provided by financing activities	-	-
Net increase in cash and cash equivalents	1,266,868	697,879
Cash and cash equivalents at beginning of year	3,963,738	3,265,859
Cash and cash equivalents at end of year	5,230,606	3,963,738

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019 FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements cover MOQ Limited ("Company or "parent entity") and its controlled entity as a consolidated entity (also referred to as "the Group"). MOQ Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity and is primarily involved in the information technology industry being the field of software and services.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Statement of Compliance

These financial statements have been prepared in accordance with the *Corporations Act 2001* and comply with other requirements of the law where applicable.

It is recommended that this financial report be read in conjunction with the public announcements made by MOQ Limited during the year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

The financial report has been prepared on the historical cost basis.

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current year. When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(b) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(c) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash –generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(d) Critical accounting estimates

The preparation of the financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements will be disclosed in Note 2 of the audited Annual Report.

(e) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (MOQ Limited) and all of the subsidiaries. Subsidiaries are entities that the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(f) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Group would receive to sell an asset or

would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa;
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(g) Income tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Current income tax expense or revenue for the year is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax asset and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Tax Consolidation Legislation

The Company and its Australian wholly owned subsidiaries have formed an income tax consolidated group under the tax consolidation legislation for the whole of the financial year. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The Group notified the Australian tax Office it had formed an income tax consolidated group to apply from 1 June 2015. The tax consolidated group has entered a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(i) Plant and equipment

Each class of plant and equipment is carried at cost less any applicable accumulated depreciation and any accumulated impairment losses. Plant and equipment is measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

The depreciated amount of all fixed assets including capitalised leased assets is depreciated on a straight line basis over their useful lives commencing from the time the asset is held ready for use.

The expected useful life of plant and equipment ranges from 3 to 15 years.

The assets' residual values and useful life are reviewed at the balances date. The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included net in profit or loss.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	Term of lease
Plant and Equipment	33.33-66.67%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to accumulated losses.

(j) Leases

At inception of an arrangement, the Group determines whether such an arrangement is, or contains, a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Leases reclassified at their inception as either operating or finance leases based on the economic substance of the arrangement so as to reflect the risks and benefits incidental to ownership.

Lease of fixed assets where substantially all the risks and rewards incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases. Finance lease are capitalised by recording an asset and a liability equal to the fair value of the leased property or the present value of the minimum lease payments including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the Statement of Profit or Loss and Other Comprehensive Income. Lease assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Lease payments for operating leases where substantially all the risks and benefits remain with the lessor are recognised as an expense in the year in which they are incurred. Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(k) Financial instruments

The Group initially recognises financial assets on the trade date at which the Group becomes a party to a contractual provision of the instrument.

Financial assets are initially measured at cost. If the financial asset is not subsequently measured at fair value through profit or less, the initial measurement includes transaction costs that are directly attributed to the asset's acquisition. The Group subsequently measures financial assets at either amortised costs or fair value.

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

- The asset is held with an objective to collect cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets other than those classified as financial assets measured at amortised costs are subsequently measured at fair value with all changes in fair value recognised in profit or loss.

All financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payment and amortisation.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and financial liabilities are offset when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

(l) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred after the initial recognition of the asset and that the loss event has a negative effect on the estimated future cash flows of that assets which can be estimated reliably.

The Group considers evidence of impairment for receivables at both a specific and collective level. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

(m) Impairment of non-financial assets

Intangible assets are tested annually for impairment or more frequently if changes in circumstances indicate that they might be impaired.

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current marked assessment of the time value of money and the risks specific to the asset.

(n) Intangible assets

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Fair value is assessed based on the income streams generated from customer contracts after allowing for cost specific to the generation of those income streams. In the assessment of the carrying value of the intangible assets costs not related to the generation of the contract related income streams were excluded. These intangibles are separate from the business to which they relate and have been assessed on this basis. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which at present are 1.5 years to 8 years.

Software acquired as part of a business combination is recognised separately from goodwill. The software is carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which at present are 4 years.

Software created internally is carried at fair value less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows over their estimated useful lives, which at present are 5 years.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax.

If the entity reacquires its own equity instruments, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable costs net of any taxes is recognised directly in equity.

(p) Foreign currency transactions and balances

The functional currency of each entity in the consolidated entity is measured using the currency of the primary economic environment in which that consolidated entity operates. The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated using the spot rate at the end of the financial year. Non monetary items measured at historical cost continue to be carried at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined. Material exchange differences arising on the translation of monetary items are recognised in profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge. Material exchange differences arising on the translation of non monetary items are recognised inequity to the extent that the gain or loss is directly recognised in equity otherwise the exchange is recognised in profit or loss.

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(q) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, and annual leave, including non monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other payables, in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, on an undiscounted basis.

Long service leave

The liability for long service leave and annual leave which is not expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made for services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Termination benefits

Termination benefits are payable when employments are terminated before the normal retirement date, or when the employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(s) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, deposits held on call with banks, other short term highly liquid investments with an original maturity date of three months or less held and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in Statement of Financial Position.

(t) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

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

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(u) New and revised accounting requirements applicable to the FY19 period

A new Standard, being AASB 15: Revenue from Contracts with Customers has been adopted for the FY19 reporting period. No restatement has been required for previous financial statements.

The group has identified the following main categories by segment:

- Technology – sale of ICT hardware, software and licensing
- Professional Services – Infrastructure, Cloud, Data & Analytics, Consulting Professional Services and SkoolBag application set up, web hosting and online marketing services.
- Recurring Services – Managed Services, SkoolBag Mobile App services.

(i) Rendering of Recurring Services – Managed Services

Managed Services & Mobile App revenues primarily derives from provision of IT service desk and outsourced IT services. Where consideration is received in advance of performance, it is initially recorded as deferred revenue. Revenue is recognised as the performance obligations are satisfied which is considered to be evenly over the contracted term.

No changes to revenue recognition were identified under AASB 15.

(ii) Rendering of Services – Professional Services

Revenue from professional services for Infrastructure, Cloud, Data & Analytics and Consulting are recognised over time either by reference to the stage of completion of the contracts, or by the labour hours incurred to date if provided for contractually. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the outcome cannot be reasonably measured, revenue is only recognised to the extent of the recoverable costs incurred to date of the performance obligation.

No changes to revenue recognition were identified under AASB 15

(iii) Rendering of Services – SkoolBag application set up

Application set up revenues consist of fees charged for the setting up of the mobile application for customers. Where the Group has an enforceable right to payment for performance completed and no alternative use for the asset, it recognises revenue at the point of completion of the set up when the performance obligations have been satisfied, as per AASB 15.

No changes to revenue recognition were identified under AASB 15.

(iv) Rendering of Services – SkoolBag web hosting

Hosting revenue primarily derives from website hosting services. Where consideration is received in advance of performance, it is initially recorded as deferred revenue. Revenue is recognised as the performance obligations are satisfied which is considered to be evenly over the contracted term.

No changes to revenue recognition were identified under AASB 15.

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(v) Rendering of Services – SkoolBag Online marketing

Online marketing revenue consists of rebates received from advertisers for successful customer sign-ups to advertiser services. Revenue is recognised at the point where advertisers confirm the rebates have been earned.

No changes to revenue recognition were identified under AASB 15.

(vi) Technology Sales and Transaction prices

The Group's customer contracts may include multiple performance obligations. In these cases the Group allocates the transaction price to each performance obligation based on the relative standalone selling prices of each distinct service. Standalone selling prices are determined based on prices charged to customers for individual products and services taking into consideration the size and length of contracts, service rate cards and the Group's overall go to market strategy.

No changes to revenue recognition were identified under AASB 15.

(vii) Principal versus agent considerations

The Group acts as an agent for vendors of Cloud Services and recommends such services to customers where appropriate. Where consumption of such services meet certain criteria set by the vendor, the Group may be entitled to rebates. Such rebates are recognised in arrears upon confirmation by the vendors of the rebates earned.

No changes to revenue recognition were identified under AASB 15.

(viii) Customer acquisition costs

Incremental costs of obtaining a contract with a customer are capitalised when expected to be recovered under the contract.

Where costs are incurred in transitioning a Managed Services contract, such costs are capitalised and amortised over the expected period of benefit.

The Group capitalised $768,523 of customer acquisition costs for the year ended 30 June 2019. These costs are amortised over the length of the contracts, which is up to 60 months. $74,768 was amortised for the year ended 30 June 2019.

No adjustments have been made for prior periods.

AASB 15 allows entities to immediately expense costs which would have been amortised within a year or less and for such situations the Group recognises the incremental costs of obtaining contracts as an expense when incurred.

(viii) Taxation impacts

The adoption of AASB 15 has not resulted in a deferral of revenues and costs of goods sold from prior periods into future periods.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(w) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations.

(x) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Refer to Note 1(l) for further discussion on determination of impairment losses.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(y) Work in progress

Work in progress is stated as the aggregate of costs incurred to date plus recognised profits less recognised losses and progress billings. Cost includes all costs directly related to specific contracts, and an allocation of overhead costs attributable to contract activity in general.

Project profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected total costs. Where losses are anticipated they are provided for in full.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Project revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract. Any credit balance in work in progress is reclassified as income in advance.

When the outcome of the project cannot be estimated reliably, revenue is only recognised to the extent that the costs incurred are recoverable.

(z) Trade and other payables

Trade and other payables represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest. These amounts are unsecured and are usually settled within 30 days of recognition.

(aa) Operating segments

The Company has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) to make financial and operational decisions and to allocate resources. We attribute sales to an operating segment based on the type of product or service provided to the customer.

We have identified three reportable segments, as follows:

- Technology Sales – provision of vendor hardware, software and associated licenses and maintenance contracts;
- Professional Services – provision of a range of specialist services including consulting, project management, systems and software engineering services to assist clients with strategy, architecture, design, development and implementation of ICT solutions; and
- Recurring Services – a combination of managed services including operations, support and ICT management, as well as a range of in-house developed commercialised IP and Cloud (SAAS) based solutions.

The consolidated entity primarily services clients in one geographical segment being Australia, with support from Australia, Sri Lanka, Singapore and New Zealand. However, there are no material revenues generated outside of Australia, and as a result no additional geographical segment information has been provided.

(aa) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(bb) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 16: Leases
Applicable to annual reporting periods commencing on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice.

The main changes introduced by the new Standard are as follows:

(i) recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
(ii) depreciating the right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

(iii) inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;

(iv) application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and

(v) additional disclosure requirements.

The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application.

Estimated impact of AASB 16 on the Group (or Company) when the standard is applied

Due to the adoption of AASB 16, the Group’s (or Company’s) EBITDA will improve, while its interest and Amortisation (Depreciation) expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under AASB 117. The current liabilities will be increased which could reduce the net working capital of the Group

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019
NOTE 2: SEGMENT INFORMATION

The segment information provided to the Board of directors, for the reportable segments is as follows:

30 June 2019	**Recurring Services $**	**Professional Services $**	**Technology Sales $**	**Unallocated $**	**Total $**
Revenue from external customers	**13,545,139**	**17,792,941**	**36,531,936**	**-**	**67,870,016**
Other income	-	-	-	59,646	59,646
Total Reportable Segment results	**3,303,917**	**3,071,620**	**6,157,456**	**(11,904,380)**	**628,614**
Total segment assets	-	-	-	35,134,019	35,134,019
Total segment liabilities	-	-	-	13,841,069	13,841,069

30 June 2018	**Recurring Services $**	**Professional Services $**	**Technology Sales $**	**Unallocated $**	**Total $**
Revenue from external customers	**11,358,397**	**18,124,518**	**29,650,500**	**-**	**59,133,415**
Other income	-	-	-	139,767	139,767
Total Reportable Segment results	**2,326,283**	**3,967,355**	**5,313,914**	**(10,038,613)**	**1,568,939**
Total segment assets	-	-	-	32,194,540	32,194,540
Total segment liabilities	-	-	-	13,333,124	13,333,124

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: REVENUE AND OTHER INCOME

	2019 $	2018 $
(a) Revenue from operations	67,870,016	59,133,415
(b) Other income		
Interest received	19,035	13,284
Other income	40,611	126,483
	59,646	139,767
Total revenue and other income	67,929,662	59,273,182

NOTE 4: OPERATING PROFIT / LOSS

Profit before income tax includes the following expenses:

	2019 $	2018 $
(a) Cost of sales		
Technology	30,374,480	24,336,586
Recurring services	10,241,222	9,032,114
Professional services	14,721,321	14,157,163
	55,337,023	47,525,863
(b) Depreciation – office equipment and software	400,378	367,566
Amortisation – intangible assets	324,234	244,213
	724,612	611,779
(c) Employee benefits, other labour and related expenses		
Wages and salaries	4,682,355	4,242,663
Superannuation	352,569	357,929
Other employee benefits expenses	1,322,602	1,214,421
	6,357,526	5,815,013
(d) Legal costs	101,575	81,153
(e) Professional fees		
Consultants fees [1]	757,699	108,717
Compliance fees	162,967	195,153
Other Fees	12,066	15,624
	932,732	319,494

[1] Includes $349,462 tax advisory costs for recovery of historical deferred tax asset of $1,535,481 by way of a Private Ruling from the Australian Tax office.

NOTE 5: CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash at bank	5,230,606	3,963,738
	5,230,606	3,963,738

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Trade receivables	10,172,536	10,061,201
Provision for doubtful debts	(386,386)	(113,825)
Other receivables	38,088	51,790
	9,824,238	9,999,166

NOTE 7: DEFERRED TAX ASSETS

	2019 $	2018 $
Deferred Tax Assets	2,055,485	660,367
	2,055,485	660,367

NOTE 8: TRADE AND OTHER PAYABLES

	2019 $	2018 $
Trade creditors	7,020,551	6,867,231
Other payables and accrued expenses	1,942,486	1,458,346
	8,963,037	8,325,577

There are no trade and other payables that are considered past due.

NOTE 9: DEFERRED REVENUE

	2019 $	2018 $
CURRENT		
Unearned income – subscription, consulting and licenses	2,891,056	3,021,008
	2,891,056	3,021,008

NOTE 10: PROVISIONS

	2019 $	2018 $
CURRENT		
Employee entitlements		
- Provision for Annual Leave	1,013,140	860,801
- Provision for Long Service Leave	758,593	844,312
	1,771,733	1,705,113
NON-CURRENT		
Employee entitlements		
- Provision for Long Service Leave	159,224	108,533
	159,224	108,533

NOTE 10: PROVISIONS (CONT.)

Employee provisions includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

NOTE 11: SHARE CAPITAL

(a)

	2019		2018	
	No. Of Shares	**Share Value $**	**No. Of Shares**	**Share Value $**
Balance at the beginning of the year	161,320,702	49,615,752	161,320,702	49,615,752
Movement	-	-	-	-
Balance at the end of the year	**161,320,702**	**161,320,702**	**161,320,702**	**161,320,702**

For the 2019 financial year:

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

(b) Options

ASX Code	**Balance a at 30/06/2018**	**Balance at 30/06/2019**	**Exercise price**	**Expiry**
Unlisted	3,690,901	3,690,901	$0.275	01/09/2020
Unlisted	-	4,036,358	$0.255	01/07/2022
Total	3,690,901	7,727,259		

A summary of the movements of all company options issues is as follows:

	No. of Options	**Weighted Average Exercise Price**
Options outstanding at 30 June 2018	**3,690,901**	**$0.275**
Granted	4,036,358	$0.255
Forfeited	-	-
Exercised	-	-
Expired	-	-
Options outstanding at 30 June 2019	**7,727,259**	**$0.265**
Options exercisable as at 30 June 2019	1,845,451	$0.275

The weighted average life of the outstanding share options at 30 June 2019 is 2.13 years.

NOTE 12: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent assets or liabilities.