

2019 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 2019

Previous corresponding period Year ended 30 June 2018

Results for announcement to the market

(All comparisons to year ended 30 June 2018)

					\$
Revenue from ordinary activities	Down	49.8 %	to		1,203,754
Revenue from ordinary activities and other income	Down	39.3 %	to		1,454,709
(Loss) from ordinary activities after tax attributable to members	Down	55.2 %	to		(1,148,099)
Net (Loss) for the period attributable to members	Down	55.2 %	to		(1,148,099)

Income statement with notes to the statement

Refer Financial Statements for year ended 30 June 2019 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 2019 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 2019 attached:

Consolidated statement of cash flows

Notes to the consolidated financial statements

Commentary on results for the year

This has been a transformative year for REV. In FY 2019, Revenue from ordinary activities and other income decreased by 39.3% over the previous corresponding period to \$1.45 million (FY 2018: \$2.40 million) was driven by two key factors:

(1) New management's decision to derecognise complimentary revenues which were being provided to resellers in exchange for marketing services, which decreased revenue for FY 2018 by (\$0.51 million) and in FY 2019 by (\$0.38 million) as AASB 15 was adopted for current and prior year accounts, the net effect on the accounts was Nil for both financial years as the corresponding Costs Of Sale were also reversed out.

(2) The decision to discontinue the operations of the property transaction business unit was taken as it failed to grow at an acceptable rate and was unlikely to do so in the short to medium term, revenues for the property transaction business in FY 2018 were \$0.60 million with a Loss after income tax of \$0.10 million, while in FY 2019 revenues for the year were \$0.13 million which in comparison to the prior year period was a decrease in revenue by (78%), Loss after income tax for FY 2019 was \$0.14 million. The Group has a forward property book that is still due as at 30 June 2019 in the amount of \$0.77 million.

New management were able to counteract the decline in revenues by reducing expenses from \$4.96 million in FY 2018 to \$2.60 million in FY 2019, which assisted to reduce the Group's loss after income taxes by 55.2% over the same period to a loss of \$1.15 million (FY 2018: loss of \$2.56 million).

FY 2019 saw some drastic changes in the business which had a correlative impact on the financial results. These changes came about after conducting a strategic review of the Group's operations that resulted in a group wide restructure. The strategic reviews findings included:

- Changes in the macro economic environment placed significant downward pressure on Australian property investors. In particular the decrease in Australian home prices and the tightening of credit reduced the attractiveness of investment properties;
- The Property Transaction business unit failed to grow at an acceptable rate and was unlikely to do so in the short to medium term;
- The SaaS business unit was operating profitably on a contribution margin basis and has upside growth potential;
- The Group has developed valuable assets including its database of current and potential property investors that can be leveraged into other Australian and New Zealand prop tech businesses; and
- The Group needed to improve its financial position by retiring Domain related debt and directors' convertible notes.

As a result of these findings, the Group achieved the following this financial year:

- Closed its Property Transaction business unit;
- Successfully completed a \$1.4 million capital raise to retire debt and fund working capital;
- Focused operations on stabilising and growing the SaaS business unit;
- Reduced expenses from \$4.96 million in FY 2018 to \$2.60 million in FY 2019. This was in part due to a restructure of operations completed in January 2019 resulting in significant reductions of costs in key areas, including data services, employment costs and shedding of non-value adding services and overheads amounting to savings of c.\$1m annualized, which will continue to flow through in future periods.
- Leveraged its assets by securing a number of lead referral partnerships agreements with leading property sales corporations and auxiliary property service providers aimed at increasing the average value per member;
- As part of the Group's restructure, key management changes were made, with Joe Hanna taking an executive role, while Clint Greaves stepped down as CEO and a number of other staff changes were made to materially reduce the operating expenses of the Group; and
- Commenced identification of prop tech investment opportunities that leverage the Groups assets.

Net tangible assets backing per ordinary share

		2019	2018
Net tangible assets backing per ordinary share	Cents	(0.13)	(0.46)

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 2019:

Consolidated statement of changes in equity

Note 14 to the consolidated financial statements

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

Nil

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 2019.

Status of Audit

This preliminary final report is based on the attached consolidated financial statements for the year ended 30 June 2019 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 2018 accounts and the December 2018 interim accounts).

Other disclosure requirements

Additional ASX Appendix 4E (Listing Rule 4.3A) disclosures can be found in the preliminary 2019 financial statements and accompanying notes attached to this document. This document should be read in conjunction with the attached 2019 financial statements.

Unaudited accounts

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Revenue and Income			
Revenue		1,070,795	1,793,187
Other Income		250,955	-
Total Revenue and Other Income	3	1,321,750	1,793,187
Expenses			
Commissions		(15,724)	(91,343)
Costs of website and data		(212,618)	(847,131)
Employment expense	6	(902,161)	(1,488,422)
Depreciation and amortisation		(498,902)	(482,791)
Occupancy		(98,853)	(118,845)
Marketing		(99,245)	(177,446)
IT and legal		(121,786)	(148,440)
Professional and consulting expenses		(171,106)	(62,224)
Bad debts and provision for doubtful debts		(381)	(73,561)
Impairment expense		-	(369,216)
Other Expenses		(171,816)	(393,187)
		(2,292,592)	(4,252,606)
Finance costs		(40,351)	(26,472)
Finance income		548	19,987
Net Finance Costs		(39,803)	(6,485)
Loss before income tax expense from continuing operations		(1,010,645)	(2,465,904)
Income tax expense	4	-	-
Loss after income tax expense from continuing operations		(1,010,645)	(2,465,904)
Loss after income tax expense from discontinued operations	5	(137,454)	(95,994)
Loss after income tax expense for the year		(1,148,099)	(2,561,898)
Other comprehensive income / (loss)			
Items that will be reclassified to profit or loss in future periods:			
Foreign currency translation differences		(18,730)	(6,360)
Total comprehensive loss for the year		(1,166,829)	(2,568,258)
Earnings per share		Cents	Cents
Basic and diluted loss per share (cents per share)	18	(0.67)	(2.38)

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 2019

	Note	2019	2018
Assets			
Current assets			
Cash and cash equivalents	8	251,974	107,444
Receivables	9	727,845	1,415,639
Prepayments	9	45,917	96,406
Total current assets		1,025,736	1,619,489
Non-current assets			
Receivables	9	-	78,243
Plant and equipment	10	15,439	32,390
Intangible assets	11	454,971	923,101
Total non-current assets		470,410	1,033,734
Total Assets		1,496,146	2,653,223
Liabilities			
Current liabilities			
Trade and other payables	12	1,203,111	1,759,295
Borrowings	13	-	334,955
Provision for employee entitlements	7	60,022	114,785
Total current liabilities		1,263,133	2,209,035
Non-current liabilities			
Trade and other payables	12	71,925	23,959
Provision for employee entitlements	7	-	31,543
Total non-current liabilities		71,925	55,502
Total Liabilities		1,335,058	2,264,537
Net Assets		161,088	388,686
Equity			
Contributed equity	14	13,842,150	12,469,579
Accumulated losses		(14,046,765)	(12,422,022)
Reserves	16	365,703	341,129
Total Equity		161,088	388,686

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 2019

Note	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
	11,285,121	(9,860,124)	323,992	4,826	1,753,815
Loss after income tax expense for the year	-	(2,561,898)	-	-	(2,561,898)
<i>Other comprehensive income for the year</i>					
Exchange difference on translation of foreign operations	-	-	-	(6,360)	(6,360)
Total comprehensive loss for the year	-	(2,561,898)	-	(6,360)	(2,568,258)
<i>Transaction with owners in their capacity as owners:</i>					
Options vesting	-	-	18,671	-	18,671
Shares issued, net of transaction costs	1,184,458	-	-	-	1,184,458
Balance at 30 June 2018	12,469,579	(12,422,022)	342,663	(1,534)	388,686
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	-	(1,148,099)	-	-	(1,148,099)
<i>Other comprehensive income for the year</i>					
Exchange difference on translation of foreign operations	-	-	-	(18,730)	(18,730)
Total comprehensive loss for the year	-	(1,148,099)	-	(18,730)	(1,166,829)
<i>Transaction with owners in their capacity as owners:</i>					
Options issued	15	-	3,918	-	3,918
Options vesting	15	-	35,839	-	35,839
Shares issued, net of transaction costs	14	1,372,571	-	-	1,372,571
Balance at 30 June 2019	13,842,150	(14,046,765)	382,420	(16,717)	161,088

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 2019

		Consolidated	
		2019	2018
	Note	\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,444,076	3,273,911
Payments to suppliers and employees (inclusive of GST)		(2,490,108)	(4,930,107)
Income tax paid		-	(22)
Interest paid		(51,587)	(14,148)
Interest received		548	1,267
Net cash flow used in operating activities	17	(1,097,071)	(1,669,099)
Cash flows from investing activities			
Payment for website development		(123,491)	(267,662)
Receipt of research and development claim		159,098	160,742
Payment for property, plant and equipment		-	(818)
Proceeds from disposal of property, plant and equipment		1,006	-
Net cash flow from / (used in) investing activities		36,613	(107,738)
Cash flows from financing activities			
Proceeds from borrowings		550,000	100,000
Proceeds from issue of shares	17	681,648	1,284,318
Payments for equity raising costs		(26,660)	(99,860)
Net cash flow from financing activities		1,204,988	1,284,458
Net increase / (decrease) in cash and cash equivalents		144,530	(492,379)
Cash and cash equivalents at the beginning of the financial year		107,444	599,823
Cash and cash equivalents at the end of the financial year	8	251,974	107,444

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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

	2019	2018
Revenue	\$	\$
Subscriptions	1,032,981	1,780,447
Transaction services	37,814	12,740
Total revenue	1,070,795	1,793,187
Other income (refer to Note 13)	250,955	-
Total revenue and other income	1,321,750	1,793,187

4. Income Tax

	2019	2018
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	(1,010,645)	(2,465,904)
Profit/(Loss) after income tax expense from discontinued operations	(137,454)	(95,994)
Add back other adjustments	(483,252)	-
	(1,631,351)	(2,561,898)
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	448,621	678,124
Non-deductible expenses:		
- Impairment expense on related party loan	-	(101,534)
- Share based expense	(10,933)	(5,135)
- Other	(430)	(1,898)
Non-assessable income R & D rebate	39,193	33,685
Tax effect of deferred tax assets not brought to account	476,451	603,242
Income tax expense at effective tax rate of 27.5% (2018: 27.5%)	-	-

4. Income Tax (continued)

Unrecognised deferred tax assets

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

	2019	2018
	\$	\$
Unused tax losses	9,989,472	8,811,014
Deductible temporary differences	716,171	871,144
	10,705,643	9,682,158
Potential benefit at 27.5% (2018: 27.5%)	2,944,052	2,662,593

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

During the financial year 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 of been required which was not seen viable from an operational and overall business position.

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 provision for doubtful debts

Other Expenses

Total expenses

Loss before income tax expense

Income tax

Loss after income tax from discontinued operations

	2019	2018
	\$	\$
Property	132,959	604,508
	132,959	604,508
Commissions	17,430	(350,353)
Employment expense	(150,324)	(208,217)
Depreciation and amortisation	(9,689)	(13,704)
Occupancy	(10,146)	(30,815)
Marketing	(10,986)	(51,715)
Professional and consulting expenses	(49,177)	(3,000)
Bad debts and provision for doubtful debts	(34,263)	-
Other Expenses	(23,258)	(42,698)
	(270,413)	(700,502)
Loss before income tax expense	(137,454)	(95,994)
Income tax	-	-
	(137,454)	(95,994)

6. Employment Expense

Employee Benefits Expense
Short-term employee benefits
Post employment benefits
Other long term benefits
Termination benefits
Equity-settled share-based payments
Capitalised salaries & oncosts to website
Total employee benefits expense
Other employment related costs
Total employment expense

2019	2018
\$	\$
843,090	1,517,267
69,744	126,583
39,907	2,986
12,000	-
29,983	18,671
(101,152)	(234,575)
893,572	1,430,932
8,589	57,490
902,161	1,488,422

7. Provision for Employee Entitlements

Employee Liabilities
Current
Short-term employee benefits
Post employment benefits
Provision for employee entitlements
Total current employee benefits
Non-current
Provision for employee entitlements
Total non-current employee benefits

2019	2018
\$	\$
48,794	89,937
10,549	21,417
59,343	111,354
60,022	114,785
119,364	226,139
-	31,543
-	31,543

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

2019	2018
\$	\$
125,907	107,426
126,067	18
251,974	107,444

9. Trade and Other Receivables

Current

Trade and other receivables

Trade receivables
Provision for doubtful debts

Other debtors

Accrued income

Research and development claim

Subscriptions

Property transactions
Provision for doubtful debts

Total current receivables

Prepayments

Total current prepayments

Non Current

Trade and other receivables

Other debtors

Loan - South Mapleton Pty Ltd¹

Provision for impairment

Accrued income

Property sales commissions

Total non-current receivables

	2019	2018
	\$	\$
Trade receivables	185,686	577,553
Provision for doubtful debts	(151,795)	(73,561)
Other debtors	11,649	14,700
	45,540	518,692
Research and development claim	100,140	159,098
Subscriptions	14,973	5,317
Property transactions	674,034	732,532
Provision for doubtful debts	(106,843)	-
	682,304	896,947
	727,845	1,415,639
Prepayments	45,917	96,406
	45,917	96,406
Other debtors	-	2,218
Loan - South Mapleton Pty Ltd ¹	-	369,216
Provision for impairment	-	(369,216)
	-	2,218
Property sales commissions	-	76,025
	-	76,025
	-	78,243

¹The South Mapleton Pty Ltd loan relates to a loan provided to a related party. This loan was outstanding as at 30 June 2018 and accordingly a provision was made to account for the full balance outstanding until such time as the loan was either repaid or its collection terms amended. Under a Deed of Assignment dated 20 June 2019, Real Estate Investar Group Limited assigned to an external party all of its rights, title and interest in the loan for a cash consideration of \$16,000. The loan balance of \$353,216 was written off as uncollectable at the date of the assignment.

Non-current accrued income relates to property transaction commissions that are earned however the payment terms are such that they are not due for payment until property settlement which is scheduled in a future period greater than 12 months.

10. Plant and Equipment

Plant and equipment

Office equipment
Less: Accumulated depreciation

Leasehold Improvements
Less: Accumulated depreciation

Total plant and equipment

2019	2018
\$	\$
78,604	108,144
(63,165)	(75,856)
15,439	32,288
-	6,780
-	(6,678)
-	102
15,439	32,390

11. Intangible Assets

Intangible assets

Website at cost
Less: Accumulated amortisation

Contracts Database
Less: Accumulated amortisation

Total intangible assets

2019	2018
\$	\$
2,647,879	2,632,854
(2,192,907)	(1,714,628)
454,971	918,226
-	23,785
-	(18,910)
-	4,875
454,971	923,101

12. Trade and Other Payables

Current

Trade creditors
Accruals
Income in advance
Other payables

Non Current

Trade creditors
Accruals - Property Sales Commissions

2019	2018
\$	\$
542,064	1,005,957
453,942	469,561
154,623	252,101
52,482	31,676
1,203,111	1,759,295
71,925	-
-	23,959
71,925	23,959

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

13. Borrowings

Current

Convertible notes (related parties)

Convertible notes

2019	2018
\$	\$
-	100,000
-	234,955
-	334,955

On 19 June 2018, Real Estate Investar Group Limited agreed terms with their Directors (Noteholders) to enter into a convertible note facility which would provide funding for the company as and when required. The instruments issued were an unsecured convertible note facility, with a facility limit of \$650,000. These convertible notes had a maturity date of 1 May 2019 with interest on a non-cumulative coupon rate of 12% per annum. The noteholders that provided the funding were entities associated with directors, Simon Baker and Joe Hanna.

A principle of \$600,000 was provided by CAV Investment Holdings HK Ltd which consisted of \$100,000 in FY 2018 and \$500,000 in FY 2019. This was fully settled on 7 January 2019 (Principle plus interest) by issue of shortfall shares from the Entitlement Offer to the Underwriters.

The remaining facility of \$50,000 was provided by Atherley Investments Pty Ltd with the full amount loaned to the company in FY 2019. This was fully settled on 7 January 2019 (Principle plus interest) by issue of shortfall shares from the Entitlement Offer to the Underwriters.

Convertible notes totalling \$234,955 were issued to Australian Property Monitors Pty Ltd on 10 December 2015 and originally had a maturity date of 10 December 2016 or any earlier date on which the Principal Amount of the Note is required to be repaid. The facility repayment or conversion date was extended by a deed of mutual agreement to 30 June 2018 and then verbally extended further subject to written agreement between Real Estate Investar Group Limited and the noteholder.

A Deed of Settlement was agreed on 26 November 2018 which released and discharged Real Estate Investar Group Limited from all of its obligations under the Convertible Note subject to a payment of \$148,500 plus accrued interest on the principal amount of \$234,955 of the convertible. The facility was on an unsecured basis and interest accrued at 5% per annum. Settlement took effect on 14 December 2018 with a payment of \$148,500 plus \$37,341 in interest.

14. Contributed Equity

Contributed Equity

Ordinary shares - fully paid
Equity raising costs

2019	2018
\$	\$
14,644,130	13,244,899
(801,980)	(775,320)
13,842,150	12,469,579

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 Private Placement 20 Sep 17
Issue of shares Rights Issue 7 Jan 19 (2018: 27 Oct 17)
Capital raising costs
Total contributed equity at 30 June

2019	2018	2019	2018
Shares	Shares	\$	\$
116,602,554	84,494,604	12,469,579	11,285,121
-	12,674,191	-	506,968
116,602,554	19,433,759	1,399,231	777,350
-	-	(26,660)	(99,860)
233,205,108	116,602,554	13,842,150	12,469,579

15. Share Based Payments

Options granted in 2019

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 the 2018 year. 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.

Options granted in prior periods

Director Options

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.

15. Share Based Payments (continued)

Employee Share Option Plan

The Real Estate Investar Group Limited Employee Share Option Plan (ESOP) was approved on 13th 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.

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.

Share based payment expense for options

Share-based payment expense recognised during the financial year:

Vesting of Options issued to employees

Vesting of Options issued to directors

Issue of Options to director

Vesting of Options issued to contractor

	2019	2018
	\$	\$
	-	1,796
	26,065	16,875
	3,918	-
	9,774	-
	39,757	18,671

16. Reserves

The share based payment reserve is used to recognise the value of equity settled share-based payments provided employees, including key management personnel, 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.

	Share Based Payment Reserve		Foreign Currency Translation Reserve		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Movements in Reserves:						
Balance at 1 July	342,663	323,992	(1,534)	4,826	341,129	328,818
Amounts restated (calculated under AASB9)	-	-	3,547	-	3,547	-
Recognition of Director Share Options	29,983	16,875	-	-	29,983	16,875
Recognition of Employee Share Options	-	1,796	-	-	-	1,796
Recognition of Contractor Share Options	9,774	-	-	-	9,774	-
Recognition of Exchange Differences	-	-	(18,730)	(6,360)	(18,730)	(6,360)
Balance at 30 June	382,420	342,663	(16,717)	(1,534)	365,703	341,129

17. Reconciliation of Cash Flows from Operating Activities to Operating results

	2019	2018
Reconciliation of Cashflows from Operating Activities		
Loss for the period	\$ (1,148,099)	\$ (2,561,898)
Non cash flows in operating result:		
Depreciation	508,191	496,495
Loss on disposal of equipment	3	-
Share based payment expense	107,340	18,671
Doubtful debts expense	34,644	73,561
Impairment expense	-	369,216
Debt forgiveness	(234,955)	-
Movements in operating assets and liabilities:		
Decrease in trade and other receivables	296,769	713,482
(Increase) / decrease in prepayments	(50,489)	36,375
(Decrease) in trade and other payables	(497,047)	(610,986)
(Decrease) in income in advance	(97,478)	(199,008)
(Decrease) in foreign translation reserve	(15,950)	(5,007)
Net cash outflows from operating activities	(1,097,071)	(1,669,099)

Significant non-cash transactions

During the financial year, The Group had issued new shares which had increased contributed capital by \$1,372,570 (net of transaction costs).

The transaction was part cash and part non-cash

- Cash : \$681,648
- Non-Cash : \$717,583

The non-cash element was in relation to the following;

- Conversion of Borrowings (refer Note 13): \$650,000
- Conversion of Interest on borrowings : \$ 19,085
- Conversion of Director Payables : \$ 48,498

18. Earnings Per Share

	2019	2018
Earnings per share		
Profit/(Loss) attributable to ordinary shareholders	\$ (1,148,099)	\$ (2,561,898)
Weighted average number of ordinary shares used in basic and diluted earnings per share ¹	172,507,888	107,507,230
Earnings per share	(Cents) (0.67)	(2.38)
Diluted Earnings per share	(Cents) (0.67)	(2.38)

- The weighted average number of ordinary shares for FY2019 was updated to reflect new issues of shares in January 2019. The weighted average number of ordinary shares for FY2018 was updated to reflect new issues of shares between September and October 2017.

Signed

A handwritten signature in blue ink, appearing to read 'S. Baker'.

Simon Baker
Chairman

Date: 30 August 2019

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