

ASX RELEASE

Appendix 4E Preliminary Final Report

Rule 4.3A

Name of entity:	Servtech Global Holdings Limited
ABN or equivalent company reference:	93 614 814 041

1. Reporting period

Preliminary report for the financial year ended	30 June 2019
Previous corresponding period is the financial year ended	30 June 2018

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities (<i>item 2.1</i>)	up	165%	to	1,258
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up	14%	to	(4,420)
Loss for the period attributable to members (<i>item 2.3</i>)	up	14%	to	(4,420)

Dividends (<i>item 2.4</i>)	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Final dividend	Nil	Nil
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	Not Applicable	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>): Refer to item 12.		

3. Statement of profit or loss and other comprehensive income

Refer to attached unaudited Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019.

4. Statement of financial position

Refer to attached unaudited Preliminary Consolidated Statement of Financial Position as at 30 June 2019.

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5. Statement of Cash flows

Refer to attached unaudited Preliminary Consolidated Statement of Cash flows for the year ended 30 June 2019.

6. Statement of changes in equity

Refer to attached unaudited Preliminary Consolidated Statement of Cash flows for the year ended 30 June 2019.

7. Dividends

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2019	N/A	N/A
Final dividend – year ended 30 June 2019	N/A	N/A

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	N/A	N/A	N/A
Previous year	N/A	N/A	N/A

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	N/A	N/A
Preference securities (each class separately)	N/A	N/A
Other equity instruments (each class separately)	N/A	N/A
Total	N/A	N/A

8. Details of dividend or distribution reinvestment plans in operation are described below:

N/A	
The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	N/A

9. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.006	(\$0.008)

10. Details of entities over which control has been gained or lost during the period:

Control gained over entities

Name of entities (<i>item 10.1</i>)	Vection Italy SRL
Date(s) of gain of control (<i>item 10.2</i>)	12 April 2019
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (<i>item 10.3</i>)	~AU\$140,000 Profit (FY18)

Loss of control of entities

Name of entities (<i>item 10.4</i>)	N/A
Date(s) of loss of control (<i>item 10.5</i>)	N/A
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (<i>item 10.6</i>).	N/A
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (<i>item 10.7</i>)	N/A

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11. Details of associates and joint venture entities

Name of associate or joint venture entity (item 11.1) **% Securities held** (item 11.2)

N/A	N/A
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Aggregate share of profits (losses) of associates and joint venture entities (item 11.3)

Group's share of associates' and joint venture entities':	2019	2018
	\$	\$
Profit (loss) from ordinary activities before tax	N/A	N/A
Income tax on ordinary activities		
Net profit (loss) from ordinary activities after tax	N/A	N/A
Adjustments		
Share of net profit (loss) of associates and JV entities	N/A	N/A

12. Significant information relating to the entity's financial performance and financial position.

Overview

ServTech Global Holdings Limited (**ServTech** or the **Company**) (ASX: SVT), a multinational software company that creates Virtual Reality (VR) & Augmented Reality (AR) solutions reports the following for the Financial Year ended 30 June 2019:

- Successful completion of the acquisition of established, revenue generating business "Vection";
- Establishment of European distribution network anticipating the global launch of FrameS, with access to over 6,700 potential clients in targeted industries;
- Vection executed an agreement with global luxury automotive manufacturer Volvo Car Italy;
- Completion of a \$2M placement to sophisticated and professional investors;
- Implementation of change management initiatives for the integration of Vection; and
- Identification and analysis of value accretive opportunities across its portfolio of virtual reality and augmented reality software solutions.

Vection Acquisition

On 12 April 2019, the Company announced the completion of the acquisition of Vection, a VR & AR software company with a portfolio of world-renowned clients, including Ferretti (yacht building), Lamborghini (luxury vehicles), Maserati (luxury vehicles) and many others.

Volvo Car Italy Agreement

Vection signed an agreement with Volvo Car Italy (Volvo), with the luxury car manufacturer set to adopt Vection's VR and AR technology for marketing, automotive value chain, training and sales (ASX: 6 May 2019).

Vection developed an AR vehicle demonstration hardware and software solution for use in Volvo car dealerships. This engagement will result in revenue of up to \$430,000 to Vection (ASX: 16 July 2019).

FrameS Global Launch Strategy - Distribution Agreements

Based on Vection's VR technology, FrameS is considered to be the ultimate VR software visualisation, collaboration and prototyping tool, allowing users dislocated world-wide to interact real-time in a multi-user virtual environment on a shared project.

ServTech will soon finalise a global launch strategy for FrameS and integral to this is the appointment of distribution and reselling partners. In this regard, Vection entered into two distribution agreements during the financial year, the first with European Enterprise Resource Planning systems integrator, Four Bytes Group (Four Bytes).

The agreement with Four Bytes gives Vection access to an extended network of approximately 30 resellers across multiple industry segments who have ~2,700 potential clients for Vection (ASX: 4 June 2019).

Vection's second distribution agreement was Gruppo Infor (Infor). Infor is an established software distribution company which partners with leading software companies including Microsoft and Adobe. Vection and Infor will collaborate to market FrameS to Infor's existing clients. This agreement provides access to approximately 4,000 clients (ASX: 24 June 2019).

The Company's ultimate goal is to make FrameS a leading and widely used SaaS platform and the FrameS distribution network will be key to accomplishing this goal.

Another positive development in this regard was Frames receiving a technical compliance certification for from TÜV InterCert Srl. With the TÜV certification, eligible FrameS clients can obtain a fiscal benefit (amortisation of 140% of the FrameS subscription cost) from the Italian government. This effectively increases the value proposition of the FrameS offering with no associated cost to ServTech (ASX: 29 May 2019).

Other Software Development

During year, ServTech announced that it had entered into an IT development contract with Emerge Gaming Solutions Pty Ltd ("Emerge") to offer strategic insights and manage the development and maintenance of Emerge's eSports platform, for revenue of circa \$500,000 over a 2 years period.

On 10 July 2018, the Company advised that the real estate businesses sold to The Agency Group Australia Limited ("The Agency") had been successfully migrated to The Agency. As part of the transaction, ServTech continues to deliver support and SaaS services to The Agency. ServTech's invoiced more than ~\$30,000 each month for services to The Agency demonstrating that the offering has expanded beyond the scope of the initial engagement.

On 9 August 2018, ServTech announced that it had successfully completed development of a mobile application for a leading real estate profession in WA - Real Estate Institute of WA ("REIWA"). The successful launch of the REIWA app represents the first phase of development. The Company expects to gain further incremental revenue from this engagement as well as other contracts in the pipeline.

Corporate Overview

Following the approval of Shareholders, the Company completed the acquisition of Vection (ASX: 12 April 2019). In accordance with the terms of the acquisition, the Company issued 292,556,186 fully paid ordinary shares in the capital of the Company and 150,000,000 performance rights. The Company also successfully completed the placement of 111,111,111 new Shares, at an issue price of \$0.018 per Share raising \$2 million (before costs).

The acquisition also brought the Company an experienced management team in the technology space to ensure continued growth and performance, enhancing the existing ServTech business. The Company announced the appointment of Mr Gianmarco Biagi as Managing Director and Mr Lorenzo Biagi as Executive Director and Chief Sales Officer.

Mr Gianmarco Biagi is an experienced executive, having served as CEO and board member of several Italian and multinational manufacturing corporations. He previously held the position of general manager of Luxury Living Group (a company with annual revenues of ~€140M).

Mr Lorenzo Biagi is an experienced company manager in the private sector, with extensive knowledge in virtual reality technology, sales and cost control management.

Company Financial Overview

The Company posted total revenue of \$1,362,124 of which \$1,257,617 was derived from ordinary operations. This is up substantially on the previous year (2018: \$475,324) when the Company was retargeting its resources to software development and outsourced services. The acquisition of Vection in the last quarter of FY2019 positions the Company well for a strong FY2020.

Explanation of loss

The Company's loss for the year of \$4,420,102 (2018: loss of \$3,872,777) is largely attributable to an accounting impairment loss of \$3,084,659. This one-off, non-cash expense is recognised as a result of the acquisition of Vection. Management will routinely review its assets for impairment and should the Vection business prove to be very successful, this impairment could be partially or fully reversed. Adding back this item, the Group loss would have been ~\$1.4M.

As the Vection business is integrated into the Group and synergies are achieved, both the existing and new business are anticipated to perform strongly.

Cash Position

Cash at the end of the year was ~\$796,569. This balance does not reflect that the Company banked late customer receipts shortly after year end totalling ~\$250,000.

The Company had significant receivables outstanding at 30 June 2019 from both ServTech's existing operations and Vection of ~\$540,000 not including amounts owed by The Agency.

One-off costs relating to the new business and implementing synergies of were also incurred. This implementation process will reduce Group administration costs going forward.

Outlook

As the Company continues its growth strategy into the European market, and into the design and engineering software market segment with its virtual and augmented reality software offering, it is currently generating opportunities in new jurisdictions and new technologies.

The Company is also looking at launching new software products aimed at targeting the AEC market segment, which is expected to generate significant sales opportunities for the group.

13. The financial information provided in the Appendix 4E is based on the preliminary financial report (attached), which has been prepared in accordance with Australian accounting standards.

14. Commentary on the results for the period.

Refer to explanation item 12.

15. Information on Audit.

This Appendix 4E and Preliminary Final Report is based on financial statements which are in the process of being audited.

16. Audit Opinion.

This report is based on accounts that are in the process of being audited, and are unlikely to be subject to dispute or qualification.

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SERVTECH GLOBAL HOLDINGS LIMITED
ANNUAL REPORT FOR THE YEAR END 30 JUNE 2019
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Consolidated	
		30 June 19	30 June 18
		\$	\$
Revenue			
Revenue	2	1,362,124	475,324
Expenses			
Acquisition Costs		155,625	-
Employee benefits expense	3	974,922	2,167,591
Consulting and professional fees		608,559	684,588
Finance costs		32,262	196,566
Depreciation and amortisation		146,249	118,734
Impairment	6	3,084,659	-
Other expenses	3	825,560	728,969
Share based payments		36,900	-
Total Expenditure		5,864,736	3,896,448
Loss before income tax expense		(4,502,612)	(3,421,124)
Income tax expense		-	-
Loss after income tax attributable to equity holders		(4,502,612)	(3,421,124)
Discontinued Operations			
Profit (loss) for the year after income tax from discontinued operations		82,510	(451,653)
Loss after income tax attributable to equity holders of ServTech Global Holdings Limited		(4,420,102)	(3,872,777)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		2,163	(1,294)
Total comprehensive loss for the period		2,163	(1,294)
Total comprehensive loss attributable to equity holders of ServTech Global Holdings Limited		(4,417,939)	(3,874,071)
Loss per share for the year attributable to the members of ServTech Global Holdings Ltd			
Discontinued operations profit (loss) per share for the year (per share)		0.028	(0.002)
Continuing operations loss per share for the year (per share)		(1.538)	(0.037)
Overall basic loss per share		(1.510)	(0.039)
Overall diluted loss per share		(1.510)	(0.039)

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SERVTECH GLOBAL HOLDINGS LIMITED
ANNUAL REPORT AS AT 30 JUNE 2019
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Consolidated	
		As at 30 June 2019	As at 30 June 2018
		\$	\$
Current Assets			
Cash and cash equivalents	4	796,569	513,754
Receivables	5	1,473,149	1,054,876
Total Current Assets		2,269,718	1,568,630
Non-Current Assets			
Property, plant & equipment		90,075	161,306
Intangible assets	6	3,589,171	-
Total Non-Current Assets		3,679,246	161,306
Total Assets		5,948,964	1,729,936
Current Liabilities			
Trade and other payables		967,959	834,414
Provisions	7	261,244	177,870
Interest bearing liabilities		-	1,140,078
Total Current Liabilities		1,229,203	2,152,362
Non-Current Liabilities			
Provisions	7	705,321	138,760
Total Non-Current Liabilities		705,321	138,760
Total Liabilities		1,934,524	2,291,122
Net Assets/(Liabilities)		4,014,440	(561,186)
Equity			
Issued capital		19,397,897	10,404,332
Reserves		271,657	269,494
Accumulated losses		(15,655,114)	(11,235,012)
Total Equity/(Deficiency in Equity)		4,014,440	(561,186)

SERVTECH GLOBAL HOLDINGS LIMITED
ANNUAL REPORT FOR THE YEAR END 30 JUNE 2019
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Consolidated				Total
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	
	\$	\$	\$		\$
Balance at 1 July 2018	10,404,332	(11,235,012)	272,500	(3,006)	(561,186)
Loss for the period	-	(4,420,102)	-	-	(4,420,102)
Other comprehensive (loss)/income	-	-	-	2,163	2,163
Total comprehensive loss for the period	-	(4,420,102)	-	2,163	(4,417,939)
Transactions with owners in their capacity as owners					
Share based payments	36,900	-	-	-	36,900
Issue of share capital	8,956,665	-	-	-	8,956,665
Balance at 30 June 2019	19,397,897	(15,655,114)	272,500	(843)	4,014,440
Balance at 1 July 2017	10,040,552	(7,691,115)	601,380	(1,712)	2,949,105
Loss for the period	-	(3,872,777)	-	-	(3,872,777)
Other comprehensive income	-	-	-	(1,294)	(1,294)
Total comprehensive loss for the year	-	(3,872,777)	-	(1,294)	(3,874,071)
Transactions with owners in their capacity as owners					
Issue of share capital	363,780	-	-	-	363,780
Transfer of lapsed performance rights	-	328,880	(328,880)	-	-
Balance at 30 June 2018	10,404,332	(11,235,012)	272,500	(3,006)	(561,186)

SERVTECH GLOBAL HOLDINGS LIMITED
ANNUAL REPORT FOR THE YEAR END 30 JUNE 2019
CONSOLIDATED STATEMENT OF CASH FLOWS

	Consolidated	
	30 June 19	30 June 18
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,553,983	10,873,757
Payments to suppliers and employees	(2,897,013)	(15,305,478)
Advancement/ (payment) of funds to employees	-	55,113
Interest received	312	5,467
Interest paid / Finance costs	(25,506)	(63,165)
Tax incentives/ (Tax paid)	(15,646)	-
Net cash outflow from operating activities	(1,383,870)	(4,434,306)
Cash flows from investing activities		
Purchase of plant and equipment	-	(186,676)
Purchase of subsidiary	(364,274)	-
Proceeds from sale of/ (Payments for) intangible assets - rent roll	-	617,540
(Payments)/ refunds of leasing deposits	-	44,102
Proceeds (Payments) for disposal of discontinued operations	245,599	243,000
Proceeds from sale of other non-current assets	-	1,909
Net cash outflow from investing activities	(118,675)	719,875
Cash flow from financing activities		
Proceeds from issues of fully paid shares	2,000,000	387,000
Proceeds from issues of convertible notes	-	1,000,000
Payment of transaction costs	(207,050)	(23,220)
Proceeds from borrowings	4,527	-
Prepayment of borrowings	-	(438,231)
Net cash inflow from financing activities	1,797,477	925,549
Net increase / (decrease) in cash and cash equivalents	294,932	(2,788,882)
Cash and cash equivalents at the beginning of the financial year	513,754	3,300,575
Effect of movement in exchange rates on cash held	(12,117)	2,061
Cash and cash equivalents at the end of the financial year	796,569	513,754

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NOTE 1: BASIS OF PREPARATION OF THE FINAL REPORT

BASIS OF PREPARATION

This preliminary final report for the year ended 30 June 2019 relates to the consolidated entity consisting of ServTech Global Holdings Limited ("ServTech" or "the Group") and its controlled entities.

The preliminary final report has been prepared on an accruals basis and a historical cost basis except for certain current and non-current assets and financial instruments which are measured at fair value or where otherwise stated.

Cost is based on the fair value of consideration given in exchange for assets.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial report of the year ended 30 June 2018 and any public announcements made by ServTech during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The amounts contained in this preliminary final report are presented in Australian dollars, the functional currency of the consolidated entity.

STATEMENT OF COMPLIANCE

The preliminary final report is a general-purpose financial report and has been prepared in accordance with applicable Australian Accounting Standards, other pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. The preliminary final report is also in compliance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. Australian Accounting Standards include Australian equivalents of International Reporting Standards ("AIFRS").

NOTE 2: REVENUE

The following is an analysis of the Group's revenue for the year.

	30 June 19	30 June 18
	\$	\$
REVENUE		
Software technology development services	539,509	253,329
Outsourced services	457,409	172,325
Interest received	21,374	5,456
R&D Tax refund	104,507	-
Other revenue	239,325	44,214
TOTAL REVENUE	1,362,124	475,324

NOTE 3: EXPENSES

	30 June 19	30 June 18
	\$	\$
EMPLOYEE BENEFITS		
Director Fees	248,358	93,811
Staff Wages & Amenities	726,564	2,073,780
TOTAL EMPLOYEE BENEFITS	974,922	2,167,591

NOTE 3: EXPENSES (continued)

	30 June 19	30 June 18
	\$	\$
OTHER EXPENSES		
Advertising & Marketing expense	116,222	2,613
Rent	283,622	4,460
Administration expense	425,716	721,896
TOTAL CONSULTING AND PROFESSIONAL FEES	825,560	728,969

NOTE 4: CASH AND CASH EQUIVALENTS

	30 June 19	30 June 18
	\$	\$
Cash and bank balances	796,569	514,759
RECONCILIATION TO CONSOLIDATED STATEMENT OF CASHFLOWS:		
Balances as above	796,569	514,759
Bank overdraft	-	-
BALANCES PER STATEMENT OF CASHFLOWS	796,569	514,759

NOTE 5: TRADE AND OTHER RECEIVABLES

	30 June 19	30 June 18
	\$	\$
Trade and other receivables	1,028,212	405,524
Trade and other receivables from sale of business	514,250	650,000
Amounts receivable from (former) employees	-	232,594
Provision for doubtful debts	(84,899)	(329,362)
	1,457,563	958,756
Prepayments	15,586	96,120
	1,473,149	1,054,876

NOTE 6: ACQUISITION OF VECTION

On 12 April 2019, the Group completed the acquisition of 100% issued capital and voting rights in Officine 8K SRL renamed Vection Italy SRL ("**Vection**").

(a) Acquisition Consideration

The consideration for the acquisition comprised the issue to the Vection vendors of:

- 292.5 million fully paid ordinary shares to the Vection vendors
- 150 million performance rights to the Vection vendors

Under the principles of AASB 3, the assets and liabilities of Vection are measured at fair value on the date of acquisition.

(b) Goodwill

Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of Vection. Details of the transaction are as follows:

NOTE 6: ACQUISITION OF VECTION (continued)

	Fair Value
	\$
Consideration	
292.5 million fully paid ordinary shares to the Vection vendors	5,851,124
150 million performance rights to the Vection vendors	-
Total consideration	<u>5,851,124</u>
Fair value of assets and liabilities held at acquisition date:	
Cash	56,154
Trade and other receivables	494,018
Property, plant and equipment	25,888
Trade and other payables	(1,398,766)
Intellectual property	2,811,417
Rights of use intangible asset	666,064
Other intangible assets (patents and development costs)	111,690
Intangible assets (subtotal)	<u>3,589,171</u>
Fair value of identifiable assets and liabilities assumed	<u>2,766,465</u>
Consideration paid	5,851,124
Less fair value of identifiable assets and liabilities assumed	(2,766,465)
Less provision of impairment ¹	<u>(3,084,659)</u>
	<u>-</u>

1. Management conducted an impairment assessment of the intangible assets resulting from the acquisition of Vection. Based on impairment indicators and relevant information such as the Company's market capitalisation, the above impairment expense was recognised. Management will conduct impairment assessments of intangible assets on a regular basis.

NOTE 7: PROVISIONS

	30 June 19	30 June 18
	\$	\$
Provision for annual leave	-	450
Provision for onerous lease commitments - Current	246,085	177,420
Other provisions	15,159	-
	<u>261,244</u>	<u>177,870</u>
Provision for onerous lease commitments – Non-current	705,321	138,760
	<u>705,321</u>	<u>138,760</u>

NOTE 8: SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. During the year the Company only operated in one segment; the provision of custom software solutions, outsourced back office and IT services.

NOTE 9: DISCONTINUED OPERATIONS

In the prior period, the Company announced the sale of its property management and rent roll business. The property rent roll business was conducted through subsidiary Capitol Asset Management Pty Ltd.

In the prior period, the Company announced the completion of binding sales agreements with The Agency Group Australia Limited. The agreements were executed between the Company's subsidiaries (Sell Lease Property Pty Ltd, Complete Settlements Pty Ltd and Value Finance Pty Ltd) and wholly owned subsidiaries of The Agency. Under the agreements, The Agency's subsidiaries acquire the assets of each of the Company's subsidiaries.

Each of these entities: Capitol Asset Management Pty Ltd, Sell Lease Property Pty Ltd, Complete Settlements Pty Ltd and Value Finance Pty Ltd are considered discontinued operations.

NOTE 10: SUBSEQUENT EVENTS

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2019.