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SKY AND SPACE GLOBAL LTD AND CONTROLLED ENTITIES
ABN 73 117 770 475

APPENDIX 4E-PRELIMINARY FINAL FINANCIAL REPORT
FOR YEAR ENDED 30 JUNE 2019

Appendix 4E

Preliminary final report

1. Details of reporting period

Name of entity	SKY AND SPACE GLOBAL LTD
ABN	73 117 770 475
Reporting Year	30 June 2019
Previous Corresponding Year	30 June 2018

2. Results for announcement to the market

Key information	12 months ended 30 June 2019 A\$	12 months ended 30 June 2018 A\$	Increase/ (decrease) %	Amount change A\$
Income from ordinary activities	48,485	72,103	-33%	(23,618)
Profit/(Loss) from ordinary activities after tax	(6,284,016)	(8,323,983)	-25%	2,039,967
Net Profit/ (Loss) for the period attributable to members	(6,303,113)	(8,346,206)	-24%	2,043,093
Net tangible asset per share (cents)	0.62	1.10	-44%	(0.48)

The Loss for the year includes Professional and consultancy fees of A\$2,898,898 (2018: A\$1,739,213) and Employee benefit expenses of A\$2,151,689 (2018: A\$415,125). The Loss for the year has been reduced by an Income Tax Benefit of A\$3,377,498 (2018: Income Tax expense A\$26,861).

No dividends declared in current or prior year.

3. Consolidated statement of profit or loss and other comprehensive income

Refer to attached financial statements

4. Consolidated statement of financial position

Refer to attached financial statements

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

5. Consolidated statement of cash flows

Refer to attached financial statements

6. Consolidated statement of changes in equity

Refer to attached financial statements

7. Dividends/Distributions

No dividends declared in current or prior year.

8. Details of dividend reinvestment plans

N/A

9. NTA Backing

Refer Note 2 above

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

Burleson Energy General LLC and Burleson Energy Limited LLC were dissolved in the year. There were no acquisitions during the year.

11. Details of associate and joint venture entities

N/A

12. Any other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position

There were no other significant matters to report other than those disclosed in the Financial Report.

Refer to 14. Commentary for results for period and explanatory information and additional Notes following the preliminary report.

13. Foreign entities

Subsidiaries are incorporated in the UK, Poland, Israel and USA where International Financial Reporting Standards are applied to compile local Financial Reports.

SKY AND SPACE GLOBAL LTD
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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

14. Commentary on results for period and explanatory information

Sky and Space Global Ltd incurred a net loss from operations for the financial year ended 30 June 2019 of A\$6,286,887 (2018: A\$8,012,698 loss). The net cash outflow from operating activities for the financial year was A\$8,266,022 (2018: A\$4,710,206). At 30 June 2019, the company had a cash balance of A\$1,935,055 (2018: A\$8,888,289)

15. Audit

This report is based on financial statements which are in the process of being audited.

16. Dispute or qualification – accounts not yet audited or subject to review

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification

Not subject to a modified opinion, however an emphasis of matter has been raised during the audit that is currently taking place in relation to the Group's going concern assessment.

17. Dispute or qualification – accounts audited

If the accounts have been audited and contain a dispute or qualification, a description of the dispute or qualification

N/A

Dated 30 August 2019



Mr Meir Moalem
Managing Director

SKY AND SPACE GLOBAL LTD
ABN 73 117 770 475

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 19 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents	4	1,935,055	8,888,289
Other receivables	5	3,044,702	1,232,513
Total Current Assets		4,979,757	10,120,802
NON-CURRENT ASSETS			
Plant and equipment	6	10,308,557	10,323,869
Intangible assets	7	13,914,803	4,211,064
Total Non-Current Assets		24,223,360	14,534,933
TOTAL ASSETS		29,203,117	24,655,735
CURRENT LIABILITIES			
Trade and other payables	8	1,470,450	1,632,079
Interest-bearing loans and borrowings	9	1,570,152	-
Provision		186,186	113,307
Total Current Liabilities		3,226,788	1,745,386
TOTAL LIABILITIES		3,226,788	1,745,386
NET ASSETS		25,976,329	22,910,349
EQUITY			
Contributed equity	10	61,078,478	51,252,611
Share based payment reserve		-	473,000
Foreign currency translation reserve		129,848	133,555
Retained earnings		(35,273,844)	(28,970,731)
Equity attributable to equity holders of the parent		25,934,482	22,888,435
Non-controlling interest		41,847	21,914
TOTAL EQUITY		25,976,329	22,910,349

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	30 June 19 \$	30 June 2018 \$
Revenue		-	649
Other income	2	48,485	71,454
Research and development rebate		-	502,002
Professional and consultancy fees		(2,898,898)	(1,739,213)
Marketing expenses		(555,243)	(757,960)
Travel and subsistence costs		(677,656)	(685,761)
Corporate expenses		(160,714)	(145,421)
Directors' fees		(596,726)	(704,066)
Employee benefits expense		(2,151,689)	(415,125)
Office and administration costs		(971,512)	(923,245)
Share based payments		-	(2,202,433)
Depreciation	6	(1,057,375)	(1,137,614)
Amortisation	7	(94,962)	-
Finance costs		(35,151)	(24,271)
Other expenses		(510,073)	(136,118)
Loss before income tax		(9,661,514)	(8,297,122)
Income tax expense		3,377,498	(26,861)
Loss after income tax		(6,284,016)	(8,323,983)
Loss after income tax for the year attributable to:			
Member of the parent entity		(6,303,113)	(8,346,206)
Non-controlling interest		19,097	22,223
		(6,284,016)	(8,323,983)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on the translation of foreign operations		(2,871)	311,285
Other comprehensive income (net of tax) for the year/period		(2,871)	311,285
Total comprehensive loss for the year/period		(6,286,887)	(8,012,698)
Total comprehensive loss attributable to:			
Members of the parent entity		(6,287,723)	(8,034,150)
Non-controlling interest		836	21,452
		(6,286,887)	(8,012,698)
Earnings per share for loss attributable to the ordinary equity holders of the parent:			
From continuing and discontinued operations			
Basic loss per share (cents)	3	(0.32)	(0.49)
Diluted loss per share (cents)	3	(0.32)	(0.49)

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity	Performance Shares	Share Based Payment Reserve	Foreign Currency Translation Reserve	Retained Earnings	Non- Controlling Interest	Total
CONSOLIDATED GROUP	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2018	51,252,611	-	473,000	133,555	(28,970,731)	21,914	22,910,349
Foreign currency translation	-	-	-	(3,707)	-	836	(2,871)
Loss after income tax expense for the year	-	-	-	-	(6,303,113)	19,097	(6,284,016)
Total comprehensive loss for the year	-	-	-	(3,707)	(6,303,113)	19,933	(6,286,887)
Shares issued during the year (net of share issue costs)	9,352,867	-	-	-	-	-	9,352,867
Transfer to issued capital	473,000	-	(473,000)	-	-	-	-
Balance at 30 June 2019	61,078,478	-	-	129,848	(35,273,844)	41,847	25,976,329
Balance at 30 June 2017	30,580,628	1,648,484	3,435,257	(178,501)	(20,624,525)	462	14,861,805
Foreign currency translation	-	-	-	312,056	-	(771)	311,285
Loss after income tax expense for the year	-	-	-	-	(8,346,206)	22,223	(8,323,983)
Total comprehensive loss for the year	-	-	-	312,056	(8,346,206)	21,452	(8,012,698)
Shares issued during the year (net of share issue costs)	13,858,808	-	-	-	-	-	13,858,808
Issue of performance shares	-	351,516	-	-	-	-	351,516
Share based payment	-	-	1,850,918	-	-	-	1,850,918
Transfer to issued capital	6,813,175	(2,000,000)	(4,813,175)	-	-	-	-
Balance at 30 June 2018	51,252,611	-	473,000	133,555	(28,970,731)	21,914	22,910,349

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	30 June 19 \$	30 June 2018 \$
Cash flows from operating activities			
Receipts from customers		-	649
Interest received		20,411	72,239
Payments to suppliers and employees		(8,280,571)	(4,761,168)
Income tax paid		(5,862)	(21,926)
Net cash used in operating activities	11	(8,266,022)	(4,710,206)
Cash flows from investing activities			
Purchase of plant and equipment		(6,242,325)	(6,971,077)
R&D rebates and grants		1,442,775	-
Payments for development expenditure		(4,455,466)	(2,977,288)
Net cash used in investing activities		(9,255,016)	(9,948,365)
Cash flows from financing activities			
Proceeds from issue of shares and options		9,872,258	15,000,000
Proceeds from borrowings		1,427,411	-
Capital raising costs		(544,747)	(1,141,192)
Net cash provided by financing activities		10,754,922	13,858,808
Net increase in cash and cash equivalents held		(6,766,116)	(799,763)
Cash and cash equivalents at beginning of year		8,888,289	9,939,636
Foreign exchange movement in cash		(187,118)	(251,584)
Cash and cash equivalents at end of year	4	1,935,055	8,888,289

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1 – BASIS OF PREPARATION

The preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standard Board (AASB) and the Corporations Act 2001. The financial statements have been prepared on an accruals basis and are based on historical costs.

NOTE 2 – OTHER INCOME

	30 June 19 \$	30 June 18 \$
Interest received	20,411	71,454
Grant income received	28,074	-
	48,485	71,454

NOTE 3 – EARNINGS PER SHARE

	30 June 19 \$	30 June 18 \$
Basic loss per share (cents)	(0.32)	(0.49)
Diluted loss per share (cents)	(0.32)	(0.49)
Reconciliation of earnings to profit or loss		
(Loss) used in calculating basic and diluted EPS	(6,303,113)	(8,346,206)
	Number	Number
Weighted average number of ordinary shares and potential ordinary shares		
Weighted average number of ordinary shares used in calculating basic and diluted EPS	1,945,150,170	1,706,378,535

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 June 19 \$	30 June 18 \$
Cash at bank	1,935,055	8,888,289
Term deposit	-	-
	1,935,055	8,888,289

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NOTE 5 – TRADE AND OTHER RECEIVABLES

	30 June 19 \$	30 June 18 \$
Other receivables	20,595	22,096
Prepayments	249,983	457,255
Deposit paid	63,735	83,570
Accrued income	2,544,934	515,523
GST receivable	165,455	154,069
	3,044,702	1,232,513

Accrued income at 30 June 2019 relates to the research and development tax credit submitted to HM Revenue and Customs ("HMRC") for the 2019 financial year.

NOTE 6 – PLANT AND EQUIPMENT

	Office Equipment \$	3 Diamonds \$	Pearls \$	6Us \$	Total \$
Cost					
Balance at 1 July 2017	56,555	2,250,637	1,797,614	-	4,104,806
Additions	321,755	1,227,942	5,421,345	-	6,971,042
Effect of movements in foreign exchange rates	11,542	251,143	194,448	-	457,133
Balance at 30 June 2018	389,852	3,729,722	7,413,407	-	11,532,981
Balance at 1 July 2018	389,852	3,729,722	7,413,407	-	11,532,981
Additions	164,824	-	863,821	77,961	1,106,606
Reclassification to intangible assets	-	(187,922)	-	-	(187,922)
Effect of movements in foreign exchange rates	8,141	(2,021)	104,425	-	110,545
Balance at 30 June 2019	562,817	3,539,779	8,381,653	77,961	12,562,210
Accumulated depreciation					
Balance at 1 July 2017	15,057	-	-	-	15,057
Depreciation	64,608	1,073,006	-	-	1,137,614
Effect of movements in foreign exchange rates	2,373	54,068	-	-	56,441
Balance at 30 June 2018	82,038	1,127,074	-	-	1,209,112
Balance at 1 July 2018	82,038	1,127,074	-	-	1,209,112
Depreciation	113,974	943,401	-	-	1,057,375
Reclassification to intangible assets	-	(28,761)	-	-	(28,761)
Effect of movements in foreign exchange rates	1,122	14,804	-	-	15,927
Balance at 30 June 2019	197,134	2,056,518	-	-	2,253,653
Carrying amounts					
At 1 July 2017	41,498	2,250,637	1,797,614	-	4,089,749
At 30 June 2018	307,814	2,602,648	7,413,407	-	10,323,869
At 30 June 2019	365,683	1,483,260	8,381,653	77,961	10,308,557

The Pearls and 6U nano-satellites are assets under construction.

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NOTE 7 – INTANGIBLE ASSETS

	Goodwill \$	Licences \$	Development costs \$	Total \$
Cost				
Balance at 1 July 2017	7	-	1,100,905	1,100,912
Additions	-	-	2,970,652	2,970,652
Effect of movements in foreign exchange rates	-	-	139,500	139,500
Balance at 30 June 2018	7	-	4,211,057	4,211,064
Balance at 1 July 2018	7	-	4,211,057	4,211,064
Additions	-	36,584	9,507,292	9,543,876
Reclassification from plant and equipment	-	187,922	-	187,922
Effect of movements in foreign exchange rates	-	2,647	59,413	62,060
Balance at 30 June 2019	7	227,154	13,777,762	14,004,922
Accumulated amortisation				
Balance at 1 July 2017	-	-	-	-
Amortisation	-	-	-	-
Effect of movements in foreign exchange rates	-	-	-	-
Balance at 30 June 2018	-	-	-	-
Balance at 1 July 2018	-	-	-	-
Amortisation	-	94,962	-	94,962
Reclassification from plant and equipment	-	28,761	-	28,761
Effect of movements in foreign exchange rates	-	(33,603)	-	(33,603)
Balance at 30 June 2019	-	90,120	-	90,120
Carrying amounts				
At 1 July 2017	7	-	1,100,905	1,100,912
At 30 June 2018	7	-	4,211,057	4,211,064
At 30 June 2019	7	137,034	13,777,762	13,914,802

During the year, consultancy services were performed for the design, construction and testing of the nano-satellites, the orbit systems and in-house software development. These development activities meet the relevant accounting principles and were capitalised accordingly.

NOTE 8 – TRADE AND OTHER PAYABLES

	30 June 19 \$	30 June 18 \$
Current		
Trade payables	815,877	1,060,437
Accruals	285,026	464,956
Other payables	369,547	106,686
	1,470,450	1,632,079

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NOTE 9 – INTEREST-BEARING LOANS AND BORROWINGS

	30 June 19 \$	30 June 18 \$
USD \$1m loan	1,427,411	-
Interest	142,741	-
	1,570,152	-

In May 2019 the Company executed an unsecured USD \$1.1million (AUD \$1.57m) convertible loan from an independent, third-party Israeli finance provider, Telefox Ltd. The maturity date is May 2020. Initial interest has been prepaid, at 2% per month for the first 5 months. Following this 5-month period the outstanding loan amount shall bear interest monthly at the rate of 2%, unless converted. The conversion price per share is equal to 5% less than the average of the closing prices of the SAS shares on the Australian Securities Exchange over the 5 trading days immediately prior to the date of the conversion notice.

NOTE 10 - CONTRIBUTED EQUITY

	30 June 2019		30 June 2018	
	NUMBER	\$	NUMBER	\$
Ordinary shares on issue, fully paid	2,175,014,261	61,078,478	1,840,439,128	51,252,611
	2,175,014,261	61,078,478	1,840,439,128	51,252,611

Reconciliation of movement in share capital

Date		No. Of Shares	Issue Price \$	Amount \$
1-July-18	Opening balance	1,840,439,128		51,252,611
20-Jul 18	Conversion of Milestone 3 Performance Rights	5,500,000	0.086	473,000
22-Feb 19	Share issue*	260,503,568	0.03	7,815,107
8-May 19	Share issue*	9,999,999	0.03	300,000
21-May 19	Share issue*	58,571,566	0.03	1,757,151
	Less: Costs of issue			(519,391)
30-Jun-19	Closing balance	2,175,014,261		61,078,478

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NOTE 10 - CONTRIBUTED EQUITY (Continued)

Date		No. Of Shares	Issue Price \$	Amount \$
1-July-17	Opening balance	1,571,914,128		30,580,628
21-July-17	Conversion of Milestone 2 Performance Rights	17,500,000	0.086	1,505,000
21-July-17	Conversion of Milestone 2 Performance Rights	6,000,000	0.175	1,050,000
10-Oct-17	Conversion of Class C Performance Shares	100,000,000	0.020	2,000,000
16-Feb-18	Conversion of Milestone 3 Performance Rights	2,025,000	0.087	176,175
16-Feb-18	Conversion of Milestone 3 Performance Rights	12,000,000	0.086	1,032,000
16-Feb-18	Conversion of Milestone 3 Performance Rights	6,000,000	0.175	1,050,000
20-Mar-18	Placement to institutional and sophisticated investors	83,333,333	0.120	10,000,000
09-Apr-18	Share Purchase Plan	22,180,363	0.120	2,661,644
11-Apr-18	Share Purchase Plan – shortfall	19,486,304	0.120	2,338,356
	Less: Costs of issue			(1,141,192)
30-Jun-18	Closing balance	1,840,439,128		51,252,611

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value.

*- As part of each of these share issues the free attaching options were issued on a 1 for 1 basis. These options were issued and listed on 21 May 2022 and exercisable at \$0.05 each expiring 21 May 2022.

NOTE 11 - CASH FLOW INFORMATION

	30 June 19 \$	30 June 18 \$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
(Loss) after income tax	(6,284,016)	(8,323,983)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss		
Depreciation and amortisation	1,152,337	1,137,614
Share based payment expense	-	2,202,433
Income tax	(1,414,701)	-
Interest expense	36,572	-
Director remuneration	100,000	-
Foreign currency translation expense	44,725	29,348
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	(1,812,189)	(861,011)
Increase/(Decrease) in trade payables and accruals	(88,750)	1,105,393
Cash flow from operations	(8,266,022)	(4,710,206)