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Netlinkz

NETLINKZ LIMITED

APPENDIX 4E – PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

ACN 141 509 426

APPENDIX 4E (RULE 4.3A)

Preliminary final report for the year ended 30 June 2021

Company details

Name of entity:	Netlinkz Limited
ABN:	55 141 509 426
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

Results for announcement to the market

(All comparisons to year ended 30 June 2020)

	30 June 2021 $	30 June 2020 $	Change %
Revenue from customers	14,388,354	5,253,284	174%
Revenue from ordinary activities (incl. interest and grant income.	15,096,099	6,265,219	141%
Net loss after tax from ordinary activities	(23,750,691)	(23,974,272)	-1%
Net comprehensive loss after tax from ordinary activities	(23,738,431)	(24,280,904)	-2%
Net comprehensive loss attributable to members	(23,451,880)	(23,957,946)	-2%

Earnings per share

	30 June 2021	30 June 2020	% Change
Basic loss per share	($0.0099)	($0.0131)	24%
Diluted loss per share	($0.0099)	($0.0131)	24%

Net tangible assets per security

	30 June 2021 $	30 June 2020 $
Net tangible assets per security	$0.0027	($0.0063)

Control gained or lost over entities in the year

There were no entities over which control was gained or lost in the year ended 30 June 2021.

Dividends

Current period

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

Previous period

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

Dividend reinvestment plan

Not applicable.

Dividends per security

Not applicable.

Details of associates and joint venture entities

The Company does not have any associates or joint venture entities. Refer to Note 21 Interests in material subsidiaries for further information.

Foreign entity accounting standards

The Company compiled the consolidated financial information in accordance with International Financial Reporting Standards for all foreign entities.

Audit

The financial information provided in this Appendix 4E is based on accounts which are in the process of being audited.

It is not considered likely any audit modification will arise, however, the audit opinion will contain an emphasis of matter, as in the prior year, relating to material uncertainty related to going concern, as a consequence of the result for the year. Note 1 in the preliminary final report attached describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

Attachments

The preliminary final report of Netlinkz Limited for the year 30 June 2021 is attached.

Commentary on results

Virtual Secure Network (VSN) company Netlinkz Limited ("Netlinkz" or the "Company) (ASX: NET) is pleased to provide its Appendix 4E Preliminary Financial Report (unaudited) for the financial year ended 30 June 2021, together with the following commentary.

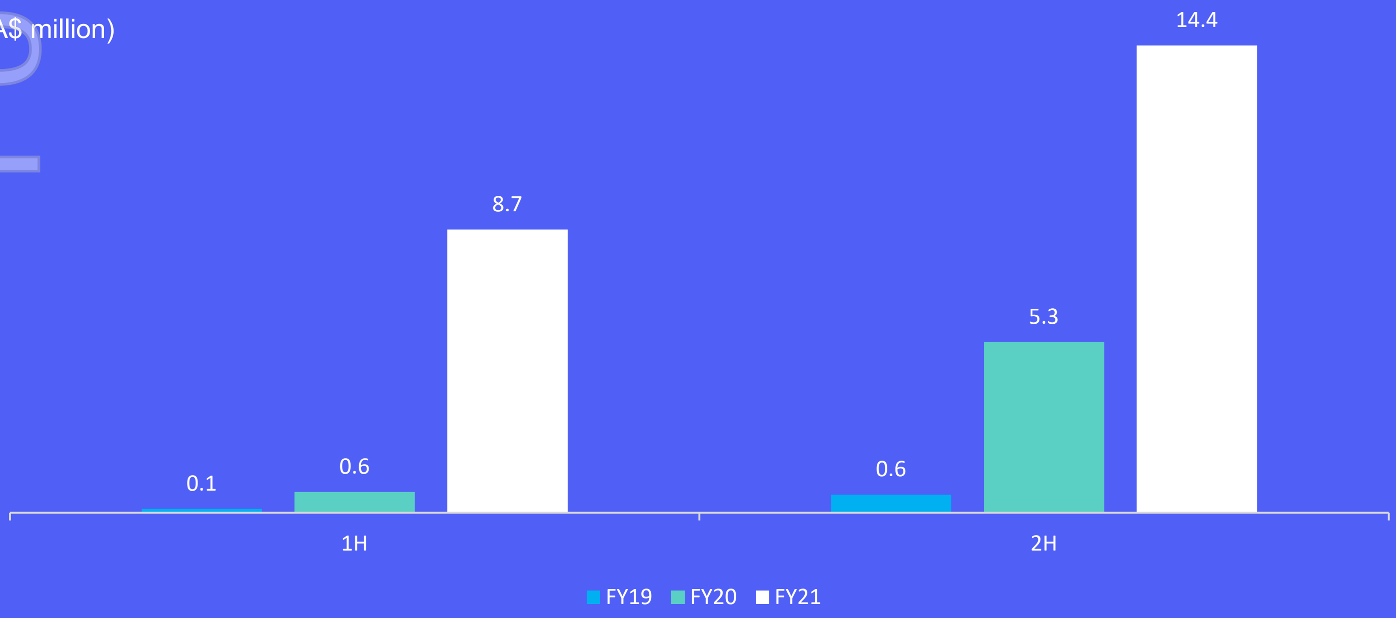
Netlinkz is pleased to report continued strong revenue growth for the financial year ended 30 June 2021, and a significant strengthening of the balance sheet and operational capability of the business.

Highlights

- **Total revenue from customers of $14.4m (2020: $5.3m), up 174%**
- **Capital raised during the year $40.7m net of costs, with $25.3m being in settlement of debt**
- **Strengthened balance sheet with net assets of $21.4m (2020: $0.7m) and $10.8m in cash**
- **Established go to market strategy in Europe and MENA to build on solid Asia platform**
- **Recruitment of key senior management with significant industry experience and global relationships**
- **The net loss of $23.8m includes the last of the convertible note, debt settlement, financing and restructuring costs in the amount of $10.1m**
- **Total cash on hand of $10.8m and net tangible assets of $8.6m**

Cumulative revenue

(A$ million)



Revenue

Revenue for the year grew by 174% over the prior year to $14.4m (2020: $5.3m).

China revenue grew by 196% to $11.9m (2020: $4m). China now importantly has established an outstanding technical team able to support the rest of world (ROW) in its market development and go to market strategy. In addition, the China revenue base is now underpinned by growing recurring revenue through licensing and servicing contracts. A number of these contracts are with global Fortune 100 companies across several industry sectors, including infrastructure, logistics, renewable energy, healthcare and retail services.

Revenue for the ROW grew by 102% to $2.5m. Customers include telecommunications carriers, state government departments and cybersecurity firms. Key initiatives established late in the financial year are expected to generate revenue in FY2022.

Initiatives & Growth

Europe-Uni Systems

The MOU with Uni Systems has been expanded to accelerate involvement in European R&D initiatives and go to market with large potential enterprise clients in Europe. The parties will explore the potential for a joint venture during the course of this MOU. Uni Systems has hired a senior executive with significant relevant global experience as the business leader of the venture.

MENA (Middle East North Africa)

The Company continued during the year to execute new partnership opportunities globally, and recently executed a Joint Venture Agreement with Al Rabban International, Qatar. The JV will establish an IoT lab in Doha, Qatar and develop the business in Qatar, Kuwait, Kingdom of Saudi Arabia, United Arab Emirates, Bahrain, Oman, Jordan, Lebanon, Egypt and Iraq.

Australia

In Australia, Netlinkz has established an alliance with SouthCloud, a telecommunications provider servicing rural customers across the country. The relationship will see Netlinkz underpin the SouthCloud backbone in network security and improved data transmission, as well as the deployment of secure networking services to SouthCloud's customers. This is an exciting development for Netlinkz as it establishes a largescale Telecommunications use-case for its VSN software.

Netlinkz is continuing to roll out a global go-to-market strategy through direct marketing, strategic regional partnerships and carrier models, aligned with our focus on diversified revenue growth.

Product Delivery

COVID-19 is continuing to have a global impact on businesses, with work-from-home creating significantly more opportunity to meet the necessity for a robust integrated suite of cybersecurity solutions.

Netlinkz is a networking vendor with a vision to create personalized connections for every Enterprise user. The Netlinkz VSN solution is a NaaS (Network as a Service) proposition that is user-centric, creating a per-user private network that is available, secure and performance optimized, for authorised users regardless of their location.

Being a SaaS platform, enterprises have the flexibility to pay either based on consumption with no term commitments or per-user term-based subscription model. The Netlinkz VSN allows Enterprises to embrace their *new-normal* by allowing IT department to consistently enforce employee connectivity policies (compliance), simplifying operations (cost), improving security (business continuity), while directly correlating technology investment to user-productivity (value).

Strengthening the Balance Sheet

The Company issued 1.15Bn shares during the year, raising $43 million, before costs. The capital raisings comprised: (i) through cash: placement, entitlement offer and conversion of options in the amount of $22.4 million; and, (ii) through non-cash: settlement of debt, share issue on cancellation of options and share issue on payment for services in the amount of $20.6 million.

As a consequence, the Company had $10.8 million in cash and net assets of $21.4 million as at 30 June 2021.

In addition to the above, the Company undertook a clean-up of its capital structure during the year. On application by Option holders and with shareholder approval, the Company cancelled ~232 million options (incl. rights to options) and issued 56.6 million shares as consideration. Investors with the right to ~17 million options did not apply to cancel for consideration and, as such, those options were issued on 22 June 2021 with exercise price $0.20 and expiry date 22 June 2022.

Building the team

To accelerate the growth of the business, the Company has made a number of key appointments during and subsequent to year end.

Mr Stephen Gibbs was appointed Non-Executive Chairman in March 2021. Mr Gibbs is currently the Non-Executive Chairman of Australian Ethical Investment Limited, which has $5 billion in funds under management and 62,000 clients.

Mr Gibbs has over 30 years' experience as a Director and Chairman of many companies in industry and funds management, particularly those with a focus on ethical and responsible investing. Previous regulatory roles held by Mr Gibbs include Expert Panel Member Fair Work Commission and a Member of ASX Corporate Governance Council. Mr Gibbs has a Bachelor of Economics and a Master of Business Administration.

Mr Rotem Salomonovitch was appointed Chief Technology Officer in August 2021.

Mr Salomonovitch is an industry veteran with two decades of experience in the networking industry. He has over 10 years' professional experience as a product leader in software-defined networking and IOT, particularly in the highly competitive USA and Australian markets. Mr Salomonovitch has deployed and scaled up advanced networking solutions with a range of US based and global organisations and has worked at the cutting edge of networking and digital infrastructure solutions since 2007.

Mr Salomonovitch who has a BA, Honours in Electronic and Communication Engineering from RMIT University, has an established track record of building revenue in senior executive roles with NTT, Nokia, Nuage and Alcatel-Lucent USA & Asia Pacific.

Mr Sam Akbari was appointed Chief Marketing & Revenue Officer in June 2021.

Mr Akbari has over 12 years of professional experience across enterprise B2B telecommunications sales, senior management positions in marketing, as well as being responsible for the successful global rollout of the go-to-market strategy of an enterprise SaaS platform.

Mr Guy Robertson was appointed Company Secretary in March 2021.

Mr Robertson is a senior finance director with over 30 years' experience as a director and company secretary of public and private companies, in Australia and Hong Kong. Mr Robertson has a Bachelor of Commerce (Honours) and is a chartered accountant.

The Result

The loss for the year of $23.8m comprises an adjusted EBITDA loss of $10.6m, non-operating expenses of $10.2m, and depreciation, amortisation and interest of $3m.

Our China segment incurred additional operating costs in building an in-house team positioned for the future. The Group is set to leverage this capability serving as a springboard to develop other markets.

Non-operating costs include: corporate advisory costs ($1.8m), corporate advisor termination fee ($1.4m), settlements relating to prior periods ($0.4m), costs associated with ending the December 2019 and the September 2020 convertible notes ($5.5m) and capital restructuring costs ($1.1m).

Comment

James Tsiolis added: *"The 2021 financial year has been a watershed year during which the company has invested to position the business for growth, addressed a complex and costly capital structure by buying out and settling all of the convertible notes and the majority if its debts, and removing itself from onerous advisory contracts.*

The China team delivered a strong financial result and will continue to build its customer base and recurring revenue stream.

With a growing revenue base, recently established partnerships in regions with significant potential, and an experienced team to execute on its strategy, the Company is confident of a much-improved profit result in the year ahead."

James Tsiolis | CEO & Managing Director | E: jtsiolis@netlinkz.com | P: + 61 (2) 9329 9700

James Tsiolis
Director

Dated this 31st day of August 2021.

Netlinkz Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

		Consolidated for the year ended	
Continuing operations	**Note**	**30 June 2021**	**30 June 2020**
		$	**$**
Revenue	3	14,388,354	5,253,284
Other income	3	707,745	1,011,934
		15,096,099	6,265,218
Expenses			
Business development, marketing, travel and accommodation expenses		(1,334,892)	(1,876,009)
Administration, office and corporate expenses		(11,180,807)	(7,905,560)
Development and commercialisation expenses		(2,938,078)	(3,546,639)
Selling, design, implementation and hardware expenses	4(a)	(11,024,744)	(3,434,979)
Financing costs	4(b)	(10,075,304)	(5,204,865)
Employee share based payment expenses (shares and options)	4(c)	(943,944)	(852,051)
Other share based payment expenses (shares and options)	4(d)	(1,627,500)	(832,609)
Net fair value gain/(loss) on debt settlement	4(e)	334,504	(3,662,677)
Net fair value loss on convertible note		-	(3,517,667)
Foreign exchange loss		(56,025)	(10,334)
	4(f)	(38,846,790)	(30,843,390)
Loss before income tax expense		(23,750,691)	(24,578,172)
Income tax expense	5	-	603,900
Loss after income tax expense for the year		**(23,750,691)**	**(23,974,272)**
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		12,260	(306,632)
Other comprehensive income/(loss) for the year, net of tax		12,260	(306,632)
Total comprehensive loss for the year		(23,738,431)	(24,280,904)
Loss for the year is attributable to:			
Members of the parent entity		(23,451,880)	(23,957,946)
Non-controlling interests		(298,811)	(16,326)
		(23,750,691)	(23,974,272)
Total comprehensive loss for the year is attributable to:			
Members of the parent entity		(23,456,734)	(24,245,383)
Non-controlling interests		(281,697)	(35,521)
		(23,738,431)	(24,280,904)
Loss per share from continuing operations		**$**	**$**
Basic loss per share	20	(0.0099)	(0.0131)
Diluted loss per share	20	(0.0099)	(0.0131)

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

Netlinkz Limited
Consolidated Statement of Financial Position
As at 30 June 2021

	Note	Consolidated as at 30 June 2021	30 June 2020
ASSETS		$	$
Current assets			
Cash and cash equivalents	6	10,836,411	1,439,935
Trade and other receivables	7	1,912,240	589,552
Other assets	7	1,184,676	4,837,695
Total current assets		13,933,327	6,867,182
Non-current assets			
Property, plant and equipment		7,692	93
Investments		100,000	100,000
Right of use asset		216,722	249,878
Intangible assets	8	3,362,075	4,120,936
Goodwill	8	9,381,815	9,381,815
Total non-current assets		13,068,304	13,852,722
Total assets		27,001,631	20,719,904
LIABILITIES			
Current liabilities			
Trade and other payables	9	2,628,618	2,163,193
Employee benefits	10	316,104	152,311
Borrowings	11	1,343,190	14,139,982
Other current liabilities	12a	1,322,830	3,458,174
Total current liabilities		5,610,742	19,913,660
Non-current liabilities			
Other non-current liabilities	12b	23,537	95,090
Total non-current liabilities		23,537	95,090
			-
Total liabilities		5,634,279	20,008,750
Net assets		**21,367,352**	**711,155**
Equity			
Issued capital	13	120,447,809	79,736,988
Reserves	15	12,594,317	8,915,364
Accumulated losses	16	(111,789,961)	(88,338,081)
Capital and reserves attributable to members of the parent entity		21,252,165	314,271
Non-controlling interests		115,187	396,884
Total equity		**21,367,352**	**711,155**

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

Netlinkz

			Attributable to owners of Netlinkz Limited				
Consolidated	**Notes**	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**	**Non-controlling interest $**	**Total equity $**
Balance at 1 July 2019		51,233,366	7,762,063	(64,380,135)	(5,384,706)	-	(5,384,706)
Loss for the year		-	-	(23,957,946)	(23,957,946)	(16,326)	(23,974,272)
Other comprehensive income		-	(287,437)	-	(287,437)	(19,195)	(306,632)
Total comprehensive loss for the year		-	(287,437)	(23,957,946)	(24,245,383)	(35,521)	(24,280,904)
Transactions with owners in their capacity as owners:							
Share issue	13	30,587,281	-	-	30,587,281	-	30,587,281
Share based payments	14	-	1,440,738	-	1,440,738	-	1,440,738
Capital raising costs	13	(2,083,659)	-	-	(2,083,659)	-	(2,083,659)
Transactions with non-controlling interests:							
Share issue		-	-	-	-	432,405	432,405
Balance at 30 June 2020		**79,736,988**	**8,915,364**	**(88,338,081)**	**314,271**	**396,884**	**711,155**

			Attributable to owners of Netlinkz Limited				
Consolidated	**Notes**	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**	**Non-controlling interest $**	**Total equity $**
Balance at 1 July 2020		79,736,988	8,915,364	(88,338,081)	314,271	396,884	711,155
Loss for the year		-	-	(23,451,880)	(23,451,880)	(298,811)	(23,750,691)
Other comprehensive income		-	(4,854)	-	(4,854)	17,114	12,260
Total comprehensive loss for the year		-	(4,854)	(23,451,880)	(23,456,734)	(281,697)	(23,738,431)
Transactions with owners in their capacity as owners:							
Share issue	13	41,646,670	-	-	41,646,670	-	41,646,670
Collateral shares converted to ordinary shares	13	1,331,700	-	-	1,331,700	-	1,331,700
Share based payments	14	-	3,683,807	-	3,683,807	-	3,683,807
Capital raising costs	13	(2,267,549)	-	-	(2,267,549)	-	(2,267,549)
Balance at 30 June 2021		**120,447,809**	**12,594,317**	**(111,789,961)**	**21,252,165**	**115,187**	**21,367,352**

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

Netlinkz

	Note	Consolidated for the period ended 30 June 2021 $	30 June 2020 $
Cash flows from operating activities			
Receipts from customers		14,537,943	5,542,293
Payments to suppliers and employees		(24,663,834)	(15,056,008)
Grants, government support and research and development tax offset received		660,086	993,345
Tax refund		-	33,853
Interest received		47,660	11,339
Interest paid		(368,601)	(412,978)
Net cashflows used in operating activities	**19**	**(9,786,746)**	**(8,888,156)**
Cash flows from investing activities			
Payment to funds held in trust		-	(2,040,000)
Investment in Cello Pty Ltd		-	(100,000)
Acquisition of SSI (Net of cash)	18	-	(7,725,131)
Acquisition of AOFA (Net of cash)	18	-	(508,787)
Investment in low-risk at-call financial assets (FVTPL)		2,683,264	(2,683,264)
Transfer from fixed deposit		-	750,000
Additions to plant, property and equipment		(6,374)	-
Payment for software development costs		-	(2,018,336)
Net cashflows from/(used in) investing activities		**2,676,890**	**(14,325,518)**
Cash flows from financing activities			
Proceeds from issue of shares		21,109,618	12,749,369
Proceeds from issue of convertible notes		4,995,000	-
Payments of convertible note redemptions		(12,460,644)	-
Capital contribution from non-controlling interest		-	413,209
Proceeds from exercise of options		1,256,350	157,500
Share issue transaction costs		(1,268,427)	(758,233)
Financing costs		(1,082,689)	-
Proceeds from borrowings		12,150,000	14,619,486
Payments of borrowings		(8,006,398)	(4,492,155)
Lease payments		(142,835)	(137,038)
Net cashflows from financing activities		**16,549,976**	**22,552,138**
Net increase/(decrease) in cash and cash equivalents		9,440,119	(661,537)
Effect of foreign exchange movements on cash		(43,644)	(297,771)
Cash and cash equivalents at the beginning of the financial year		1,439,935	2,399,243
Cash and cash equivalents at the end of the financial year	**6**	**10,836,411**	**1,439,935**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

General information

The financial statements cover Netlinkz Limited as a consolidated entity consisting of Netlinkz Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Netlinkz Limited's functional and presentation currency.

Netlinkz Limited (ASX:NET) is a listed public company limited by shares, incorporated and domiciled in Australia.

Basis of preparation of preliminary financial report

This preliminary final report for the year ended 30 June 2021 is unaudited and has been derived from the underlying books and records of the Group for the year ended 30 June 2021. This preliminary final report does not constitute the Group's full statutory financial report for the year ended 30 June 2021.

This preliminary final report has been prepared to satisfy the ASX listing rule 4.3A, adopts all new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the Group and effective for reporting periods beginning on or before 1 July 2020, and does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

This preliminary financial report has been prepared in accordance with International Financial Reporting Standards, other authoritative pronouncements and Interpretations of the Australian Standards Board and the Corporations Act 2001.

This preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the last annual financial statements and the last half-year financial statements and any public announcements made by Netlinkz Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a total comprehensive loss of $23,738,431, had net cash outflows from operating activities of $9,786,746 for the twelve months and working capital of $8,322,585 as at 30 June 2021. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the Group to continue as a going concern is dependent upon its ability to generate operating profits, secure funds by raising capital or sale of assets. The Directors are confident of the ability of the Company to raise capital as and when required.

The Directors are satisfied there are sufficient funds to meet the Group’s working capital requirements as at the date of this report. The Directors believe that there are reasonable grounds to believe that the Company and the Group will continue as a going concern, after consideration of the following factors:

- The Group is demonstrating solid revenue growth (+174% in FY21 versus FY20).
- As at the date of this Report, there are 130.8 million unlisted options on issue, the exercise of which may provide additional funding to the Company (although no forecast is made of whether any options will be exercised into shares).
- Subject to shareholder approval, or its available issue capacity pursuant to ASX Listing Rule 7.1, the Company has the ability to issue additional equity under the Corporations Act 2001 to raise further working capital and has a track record for being able to do so in the past, as evidenced by the two successful share placements ($7,914,000 and $14,979,270) completed in the financial year ended 30 June 2021.

- The Board receives consolidated profit and loss, balance sheet and cash flow statements on a regular basis. The directors regularly monitor the Group's cash position and consider a number of strategic initiatives to ensure that adequate funding continues to be available.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 24.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Netlinkz Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Netlinkz Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Netlinkz Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Netlinkz Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
The Group makes use of the simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. The Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	2-7 years

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
The consolidated entity recognises revenue as follows:

Software, service and licensing revenue
The Group generates revenue from the sale, licensing and support of network security solutions. Software and support is sold both directly to large customers and via partners/resellers. Customers enter either monthly, quarterly or annual licensing arrangements and revenue is recognised over the corresponding license/support period. The Group recognises revenue from resellers at the point where it is highly probable that a significant reversal in the amount of revenue recognised will not occur. Some customer sites are deployed on network appliances that are invoiced up-front. Resellers are typically responsible for level 1 and 2 technical support of the solution, in addition to updates and maintenance as per the licensing.

Consulting, design and implementation services
The Group provides secure networking consulting, design and implementation services to its resellers, partners and customers. Revenue from providing these services and associated hardware is recognised in the accounting period in which the services are rendered.

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Grant revenue
Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

Contract assets and liabilities
Contract assets and contract liabilities refer to what is commonly known as ‘unbilled or accrued revenue’ and ‘deferred revenue’. Contract assets represent receivables in respect of the Group’s right to consideration when that right is condition on something other than the passage of time (for example, the entity’s future performance). Contract liabilities arise where payment is received prior to work being performed. Contract assets and contract liabilities are recognised and measured in accordance with this accounting policy.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation method and useful lives of finite life intangible assets are reviewed annually.
Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 7.5 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on basis of fair value until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes and gain/loss on fair value are expensed to profit or loss.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee;

lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Borrowing costs
Borrowing costs attributable to qualifying assets are capitalised as part of the asset. All other borrowing costs are expensed in the period in which they are incurred.

Provisions and contingencies
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Contingent assets and contingent liabilities are not recognised unless the contingent liability is acquired as part of a business combination.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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.

Superannuation expense and other post-employment benefits
Australian employees may nominate their own superannuation fund into which the Company pays superannuation contributions. The Company currently contributes 9.5% of employee’s salary to each employee’s nominated fund or where a fund is not nominated by an employee, to a superannuation fund chosen by the Company. In addition, the Company pays pension contributions to foreign employees hired in their respective countries.

Share Based Payments
Equity-settled share-based compensation benefits are provided to employees, key management personnel and consultants.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Collateral Shares
Collateral shares are shares in the Company that are held by the Company's convertible notes holders as security for purpose of the agreed funding facilities. These shares are treated as treasury shares until they are fully paid for.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Fair Value Measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Contingent liabilities recognised in a business combination
A contingent liability recognised in a business combination is initially measures at its fair value. Subsequently, it is measures at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Netlinkz Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial 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.

Goods and Services Tax (GST) and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share Based Payments
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options with non-market conditions is determined by an internal valuation using a Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The fair value of shares is determined by the market price of the Company's shares at the date of grant. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Impairment testing
The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs of disposal. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and intangible assets.

The asset impairment assessment requires management judgement with respect to an estimate of the recoverable amount of the cash-generating units using a discounted cash flow methodology. This calculation uses cash flow projections based on operating budgets and strategic business plans, after which a terminal value is applied, based on management's view of the expected long-term growth profile of the business. The determination of cash flows over the life of an asset requires management judgement in assessing the future number of customers, the number of branches and active devices, data usage, potential price changes as well as any changes to the costs of the product and other operating costs incurred by the Group. The implied pre-tax discount rate is calculated with reference to long-term government bond rates, external analyst views and the Group's pre-tax cost of debt.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill and indefinite life intangible assets are tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic factors.

Allocation of goodwill to cash-generating units
Management allocates goodwill acquired in a business combination to cash-generating units (CGUSs) or a group of cash-generating units in a non-arbitrary way which is expected to benefit from the synergies of the combination.

Fair value of convertible notes at fair value through profit and loss (FVTPL)
The fair value is estimated using a net present valuation calculation using a discount rate derived from instruments with similar maturity and credit rating.

Impact of COVID-19
The Group has specifically further reviewed the following accounting estimates in response to COVID-19:

- Impairment of goodwill and intangible assets: The Group performed impairment testing on the CGUs. The recoverable amount of the CGUs are based on value-in-use calculations, using cash flow projections based on forecast operating results or fair value less costs of disposal (such as earnings multiples) whichever is higher. The recoverable amount of each CGU exceeded its carrying amount and there were no further impairment indicators.

NOTE 3. REVENUE AND OTHER INCOME

Disaggregation of revenue

	Consolidated for the year ended 30 June 2021 $	30 June 2020 $
Consulting, design and implementation revenue	12,093,463	3,407,684
Software, service and licensing revenue	2,294,891	1,845,600
Total revenue	14,388,354	5,253,284

Other income	Consolidated for the year ended 30 June 2021 $	30 June 2020 $
Interest	47,660	18,590
Grants and research and development tax offset	571,673	894,952
Government support - COVID-19 cash flow boost	76,825	98,392
Other	11,587	-
Total other income	707,745	1,011,934

Revenue	*Consulting, design & implementation revenue* 2021 $	*Software, service and Licensing revenue* 2021 $	*Total* 2021 $
Primary geographical markets			
Australia	235,455	808,740	1,044,195
New Zealand	-	1,486,151	1,486,151
China	11,858,008	-	11,858,008
	12,093,463	2,294,891	14,388,354
Timing of revenue recognition			
Products transferred at point in time	2,229,631	122,948	2,352,579
Products and services transferred over time	9,863,832	2,171,943	12,035,775
	12,093,463	2,294,891	14,388,354

Revenue	*Consulting, design & implementation revenue* 2020 $	*Software, service and Licensing revenue* 2020 $	*Total* 2020 $
Primary geographical markets			
Australia	-	528,747	528,747
New Zealand	-	721,323	721,323
China	3,407,685	595,529	4,003,214
	3,407,685	1,855,599	5,253,284
Timing of revenue recognition			
Products transferred at point in time	3,407,685	768,642	4,176,327
Products and services transferred over time	-	1,076,957	1,076,957
	3,407,685	1,845,599	5,253,284

NOTE 4. EXPENSES

(a) Selling, design, implementation and hardware expenses

Direct costs associated with design, implementation and hardware costs of sales in Australia and China.

(b) Financing costs

Costs and facilitation fees incurred to secure financing and funding for the Group.

(c) Employee share based payment expenses

Incentives paid to directors and employees settled in shares or options.

(d) Other share based payment expenses

The Company issued 3,500,000 shares at $0.06 per share as payment of investor relations and media strategy services to Everblu Capital Pty Ltd, the Company's corporate advisor at the time.

The Company issued 28,350,000 shares at $0.05 per share as payment of a corporate advisor mandate termination fee to Everblu Capital Pty Ltd.

In the prior year, the Group agreed, subject to shareholder approval (which was subsequently obtained at the Extraordinary General Meeting of shareholders on 17 September 2020), to issue 15,000,000 shares to Systemic in part settlement of certain disputes which arose between the Company and Systemic in respect of a software development agreement entered into on 15 April 2020 (Refer to the ASX announcement dated 17 August 2020 for more information). On entering the agreement, the shares had a fair value of $690,000, which increased to $870,000 as at 30 June 2020. The initial amount was accrued within this 5(d) Other share-based payment expenses caption and the change in fair value was recognised in 5(e) Net fair value loss on debt settlements. This caption also includes the fair value accrual of $142,609 for 5,000,000 options owed to BJS Robb Pty Ltd in relation to corporate and strategic advice services provided in relation to prior years. These options were subject to shareholder approval, which was subsequently obtained at the Extraordinary General Meeting of shareholders on 17 September 2020).

(e) Net fair value loss on debt settlements

The Group settled outstanding debts, fees and claims using shares and options. Net fair value loss represents the difference between the fair value of instruments used for debt settlements and carrying amount of the debts, fees and claims.

(f) Included in expenses are the following costs:

	Consolidated for the year ended	
	30 June 2021	**30 June 2020**
	$	**$**
Salary and wages expense	5,953,368	4,825,690
Interest paid/payable	2,106,742	1,181,638
Legal and other costs	1,122,094	1,024,999
Amortisation expense	757,636	375,900
Compliance and other costs related to being listed	364,046	314,630
Depreciation expense	236,817	276,652
Rental outgoings	39,294	101,848
Foreign exchange loss	56,025	10,334

Note 5. Income tax expense

	Consolidated	
	30 June 2021	30 June 2020
Income tax expense		
Current income tax expense		
Deferred income tax expense	-	-
Total income tax expense	-	-
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Accounting profit / (loss) before income tax	(23,750,691)	(24,578,172)
Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.5%)	(6,175,180)	(6,758,997)
Add/(less) tax effect of:		
Non-deductible expenses	66,898	-
Non-Deductible share and options expenses	785,318	1,571,232
Non-Deductible fair value loss on debt settlement	(86,971)	754,043
Non-Deductible fair value loss on convertible notes	1,194,981	-
Non-assessable government grants	(168,615)	(265,135)
R&D	138,365	361,403
Foreign operations	272,104	620,830
Debt forgiveness	(1,123)	(7,342)
Penalties	-	433
Legal claims	-	64,839
Tax losses not recognised	(3,974,222)	(3,658,694)
Income tax expense	**-**	**(603,900)**
Unused tax losses on which no deferred tax has been recognised – Income (Australia)	43,378,930	37,056,870
Unused tax losses for which no deferred tax has been recognised – Income (Foreign)	1,991,448	492,357
Unused tax losses on which no deferred tax has been recognised – Capital (Australia)	9,596,682	9,596,682
Revenue losses - Australia		
Tax losses brought forward on which no DTA has been recognised	37,056,870	29,637,601
Reduction in tax losses arising in the prior period on lodgement of the income tax return	(3,674,465)	3,629,597
Gross tax losses arising in the current period for which no DTA is recognised	9,996,524	3,789,672
	43,378,929	**37,056,870**
Revenue losses - Foreign		
Tax losses brought forward on which no DTA has been recognised	492,357	-
Gross tax losses arising in the current period for which no DTA is recognised	1,991,448	492,357
	2,483,805	**492,357**

The availability of the Australian tax losses are subject to the Company's ability to satisfy Australian Taxation Office's requirements for utilisation.

NOTE 6. CASH AND CASH EQUIVALENTS

	Consolidated as at	
	30 June 2021	30 June 2020
	$	$
Cash at bank	10,836,411	1,439,935

Restricted cash

The 30 June 2020 cash and cash equivalents balance disclosed above includes $157,500 of cash held in trust which pertains to cash received for options exercised. As at 30 June 2021, the restricted cash balance was $nil.

NOTE 7. TRADE AND OTHER RECEIVABLES

	Consolidated as at	
	30 June 2021	30 June 2020
	$	$
Trade receivables	1,535,049	107,912
Security deposits	3,649	21,642
Prepayments	373,542	459,998
Trade and other receivables	1,912,240	589,552

	Consolidated as at	
	30 June 2021	30 June 2020
	$	$
Funds held on trust for deferred consideration of SSI Pacific Pty Ltd	1,020,000	2,040,000
Financial assets at fair value through profit or loss (FVTPL)[1]	-	2,683,264
Other receivable	164,676	114,431
Total other assets	1,184,676	4,837,695

[1] As at 30 June 2020, the Company had invested $2,683,264 of its excess cash in low-risk at-call financial products which do not meet the technical definition of cash and cash equivalents under AASB107 Statement of Cash Flows.

NOTE 8. INTANGIBLE ASSETS

	Goodwill	Customer contracts and relationships	Internally generated software	Total
For the year ended 30 June 2021	$	$	$	$
Opening net book amount	9,381,815	2,049,600	2,070,111	13,501,526
Amortisation charge	-	(292,800)	(464,836)	(757,636)
Closing net book amount	9,381,815	1,756,800	1,605,275	12,743,890
As at 30 June 2021				
Cost	9,381,815	2,196,000	2,300,836	13,878,651
Accumulated amortisation and impairment	-	(439,200)	(695,561)	(1,134,761)
Net book amount	9,381,815	1,756,800	1,605,275	12,743,890

NOTE 9. TRADE AND OTHER PAYABLES

	Consolidated as at	
	30 June 2021	30 June 2020
	$	$
Trade payables and accruals	2,628,618	2,163,193

NOTE 10. EMPLOYEE BENEFITS

	Consolidated as at	
	30 June 2021	30 June 2020
	$	$
Employee benefits	316,104	152,311

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The above amounts reflect annual leave that has accrued as at the reporting date.

NOTE 11. BORROWINGS

	Consolidated as at	
	30 June 2021	30 June 2020
Current	$	$
Borrowings - unsecured[1]	1,150,000	5,248,025
Related party loans	193,190	172,556
Convertible notes (FVTPL)[2]	-	8,719,401
	1,343,190	14,139,982

[1] Short term loans totalling $1,150,000 from Viriathus Capital investors maturing in December 2021 with 20% per annum interest rate paid monthly.

[2] As at 30 June 2021 all unsecured convertible notes had been redeemed. Refer to the following table for a reconciliation of the convertible note balance.

	Number of convertible notes	$
Opening balance of convertible notes 1 July 2020	2	8,719,401
Settlement of CST and Lind convertible notes (i)	(2)	(8,719,401)
Initial recognition of September 2020 convertible notes (net of capitalised transaction costs) (ii)	13,960,644	9,789,309
Interest expense accretion of convertible notes to face value	-	4,171,335
Convertible note redemptions - Cash - December 2020 (iii)	(11,193,822)	(11,193,822)
Convertible note redemptions - Shares - December 2020 (iv)	(1,500,000)	(1,500,000)
Convertible note redemptions - Cash - January 2021 (iii)	(340,277)	(340,277)
Convertible note redemptions - Cash - May 2021 (iii)	(846,298)	(846,298)
Convertible note redemptions - Cash - June 2021 (iii)	(80,247)	(80,247)
Closing balance of convertible notes 30 June 2021	-	-

(i) Of the 1 July 2020 opening liability, $2,279,401 was to be settled in shares as part of the settlement deed entered into in July 2020 (ASX announcement 31 July 2020) with CST and Lind in relation to the convertible note facility entered into by the Company on 24 December 2019. The settlement also required a total cash payment of $6,440,000 which was settled in cash in August 2020 ($1,840,000) and September 2020 ($4,600,000).

(ii) 13,960,644 convertible notes with a face value of $13,960,644 were issued to investors in September 2020 (announced 25 September 2020). Each note carried a face value of $1.00 and a conversion price of $0.10. Each note was issued at a 10% discount to face value and interest of 9% was deducted up-front. The Company received $4,995,000 in cash and extinguished $6,313,125 of existing debt in return for the issuance of the notes.

The convertible notes are classified as compound for accounting purposes. On initial recognition, the debt component of the notes was recorded at fair value, being $13,466,266. Transaction costs totalling $3,676,957 were capitalised against the debt, with a net carrying value of $9,789,309 recognised on issue date. Transactions costs included 12,923,132 shares to Everblu Capital Pty Ltd as disclosed in Note 13 (v) and 104,704,830 free attaching options deemed to represent transaction costs, as disclosed in Note 14 (ii). Nil value was attributed to the residual equity component of the notes and an initial financing expense of $2,158,142 was recognised upon issue of the convertible notes.

(iii) Convertible notes with a face value of $1 per note were redeemed for cash.

(iv) 1,500,000 convertible notes with a face value of $1,500,000 were redeemed in December 2020 for shares. 25,000,000 shares at $0.06 were issued to Atlantic Capital Holdings Pty Ltd. The market value of these shares at the time of issue, based on the prevailing share price of $0.055, was $1,375,000.

NOTE 12. OTHER LIABILITIES

(a) Other current liabilities

	Consolidated as at	
	30 June 2021	30 June 2020
	$	$
Unearned income	397,665	131,666
Deferred consideration on SSI Pacific Pty Ltd acquisition	510,000	510,000
Payroll tax and other statutory liabilities	244,661	273,218
AASB 16 Lease liability - Current	170,504	161,594
Bonus provision	-	1,160,000
Capital raising funds in trust	-	157,500
Options and shares to be issued to directors	-	90,750
Options and shares to be issued to creditors	-	920,000
Options to be issued for financing costs	-	38,446
Directors fee payable	-	15,000
	1,322,830	3,458,174

(b) Other non-current liabilities

	Consolidated as at	
	30 June 2021	30 June 2020
	$	$
AASB 16 Lease liability - Non-current	23,537	95,090
	23,537	95,090

NOTE 13. EQUITY – ISSUED CAPITAL

	Consolidated		Consolidated	
	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	Shares	$	Shares	$
Ordinary shares - fully paid	3,191,671,270	119,116,109	2,017,124,162	79,736,988
Issue of collateral shares subsequently forgiven[1]	-	1,331,700	19,300,000	-
Total issued capital	3,191,671,270	120,447,809	2,036,424,162	79,736,988

[1] These collateral shares were issued on 24th December 2019 as part of the convertible notes. These shares were treated as treasury shares until the shares are fully paid for. On 31 July 2020, the Company agreed to forgo the right to the return of these collateral shares as part of the settlement agreement with CST and Lind.

Movements in ordinary share capital – Year ended 30 June 2020

	Number of shares	$
Opening balance 1 July 2019	1,551,621,675	51,233,366
Issue of shares – placement	100,482,388	8,531,355
Issue of shares – exercise of options	75,036,998	2,968,014
Issue of shares – debt settlement	251,779,015	15,814,487
Issue of shares – services	31,800,240	2,758,425
Issue of shares – employee share scheme	6,403,846	515,000
Issue of collateral shares	19,300,000	-
	2,036,424,162	81,820,647
Less: Capital raising costs arising on share issues	-	(2,083,659)
Closing balance 30 June 2020	2,036,424,162	79,736,988

Movements in ordinary share capital – Year ended 30 June 2021

	Notes	Number of shares	$
Opening balance 1 July 2020		2,036,424,162	79,736,988
Issue of shares – placement	(i)	131,900,004	7,914,000
Issue of shares – entitlement offer	(ii)	599,168,811	14,979,220
Issue of shares – exercise of options	(iii)	95,779,279	2,811,043
Issue of shares – debt settlement	(iv)	148,869,159	8,347,804
Issue of shares – services	(v)	122,935,275	6,547,606
Issue of shares – cancellation of options	(vii)	56,594,580	1,046,997
Collateral Shares converted to ordinary shares	(vi)	-	1,331,700
		3,191,671,270	122,715,358
Less: Capital raising costs arising on share issues			(2,267,549)
Closing balance 30 June 2021		3,191,671,270	120,447,809

(i) Share placement

On 22 December 2020, pursuant to a placement the company issued 131,900,004 shares at $0.0600 per share to raise $7,914,000. The share placement cash was used to redeem outstanding convertible notes, provide funding for short term loan repayments and providing general working capital to the business.

(ii) Entitlement offer

On 20 May 2021, pursuant to an institutional offer under an Accelerated Non-renounceable Entitlement Offer (ANREO), the Company issued 68,956,537 shares at $0.025 per share. On 9 June 2021, pursuant to a retail offer under the same ANREO, the Company issued 530,212,273 shares at $0.0250 per share. The ANREO cash was used to pay costs of the offer, redeem the last of the convertible notes, retire debt and provide general working capital to the business and fund expansion going forward.

(iii) Exercise of options

95,779,279 options were exercised at a weighted average exercise price of $0.0293, generating consideration of $2,811,043.

(iv) Debt settlement

148,869,159 shares with a fair value of $8,347,804 were issued pursuant to the settlement of debt as follows:

- As part of the 31 July 2020 deed of settlement between the Company and CST Capital Pty Ltd and Lind Global Macro Fund LP, in relation to the convertible note facility entered into by the Company on 24 December 2019, $2,279,400 was accrued as at 30 June 2020 reflecting 39,300,000 shares at the closing share price on that date of $0.058 per share. As the Company agreed to forgo the right to the return of 19,300,000 collateral shares on 31 July

2020 and the prevailing share price on that date was $0.069, a fair value loss on issue of $212,300 was recognised. The remaining 20,000,000 shares were issued on 24 September 2020 at a share price of $0.063, resulting in an additional fair value loss of $100,000.

- As part of the December 2020 placement, total debt with a carrying value of $6,232,150 was settled by way of the issuance of 103,869,159 shares based on a $0.06 share price. At the time of issuance, on 22 December 2020, the share price was $0.055, reflecting a market value of $5,712,804 and therefore a fair value gain on debt settlement of $519,346.
- As part of the December 2020 placement, 1,500,000 convertible notes with a face value of $1,500,000 were redeemed for 25,000,000 shares, reflecting a $0.06 share price. At the time of issuance, on 22 December 2020, the share price was $0.055, reflecting a market value of $1,375,000 and therefore a fair value gain on debt settlement of $125,000.

(v) Provision of services

122,935,275 shares were issued pursuant to the provision of services, primarily in relation to financing and capital raising, as follows:

- On 22 September 2020, the Company issued 15,000,000 shares to Systemic Pty Ltd in respect of a software development agreement entered into on 15 April 2020. These shares were accrued at 30 June 2020 at fair value of $870,000. On date of issue, the share price was $0.07 resulting in fair value at settlement of $1,005,000.
- On 24 September 2020 the Company issued 10,307,471 shares to Everblu Capital Pty Ltd in respect of capital raising fees in relation to the September 2020 convertible note offer. The amount recorded in issued capital of $597,834 represents the fair value of the services on grant date.
- On 28 September 2020 the Company issued 2,615,661 shares to Everblu Capital Pty Ltd in respect of capital raising fees in relation to the September 2020 convertible note offer. The amount recorded in issued capital of $151,708 represents the fair value of the services on grant date.
- On 29 September 2020 the Company issued 868,659 shares to Helicopter Creative Pty Ltd in consideration for branding, identity development and positioning services provided to the Company. These shares were accrued at 30 June 2020 at fair value of $50,000. On date of issue, the share price was $0.07 resulting in fair value at settlement of $59,069.
- On 27 November 2020 the Company issued 20,000,000 shares to Mr James Tsiolis in relation to a share bonus owing by the Company to Mr Tsiolis in the financial year ended 30 June 2018. These shares were accrued at 30 June 2020 at fair value of $1,160,000. On date of issue, the share price was $0.07 resulting in fair value at settlement of $1,380,000.
- On 22 December 2020 the Company issued 537,000 shares to a small number of brokers who assisted with the December 2020 share placement. On date of issue, the share price was 0.06 resulting in fair value at settlement of $29,535.
- On 22 December 2020 the Company issued 6,232,150 shares to ARIE Manager Pty Ltd, Akuna Finance Pty Ltd and Trevor Nairn in respect of the 6% loan fee on the debt they converted to equity under the December placement. On date of issue, the share price was $0.06 resulting in fair value at settlement of $342,768.
- On 22 December 2020 the Company issued 3,500,000 shares at $0.06 per share as payment of a $210,000 invoice in relation to investor relations and media strategy services, with the fair value at issue date being $192,500 based on the prevailing share price of $0.055. The resulting gain on settlement was $17,500.
- On 22 December 2020 the Company issued 8,115,039 shares to Everblu Capital Pty Ltd in respect of capital raising fees in relation to the December 2020 share placement. On the date of issue, the share price was $0.06 resulting in fair value at settlement of $446,327.
- On 22 December 2020 the Company issued 8,000,000 shares to Everblu Capital Pty Ltd in respect of capital raising fees of $440,000 relating to the December 2020 share placement. The amount recorded in issued capital represents the fair value of the services on grant date.
- On 12 Mar 2021 the Company issued 28,350,000 shares to Everblu Capital Pty Ltd in consideration for the termination of a capital raising mandate, as announced 9 March 2021. On day of issue, the share price was $0.05 resulting in fair value at settlement of $1,417,500.
- On 9 Jun 2021 the Company issued 960,000 shares to Integrated CFO Solutions in settlement of invoices for services performed. On day of issue, the share price was $0.025 resulting in fair value at settlement of $24,000.
- On 9 Jun 2021 the Company issued 626,913 shares to Selligrove Pty Ltd in settlement of invoices for services performed. On day of issue, the share price was $0.025 resulting in fair value at settlement of $15,673.

- On 9 Jun 2021 the Company issued 7,000,000 shares to Systemic Pty Ltd in settlement of invoices for services performed. On day of issue, the share price was $0.025 resulting in fair value at settlement of $175,000.
- On 21 Jun 2021 the Company issued 10,822,381 shares to Everblu Capital Pty Ltd in respect of option cancellation facilitation fees, as announced 9 March 2021. The amount recorded in issued capital of $270,560 represents the fair value of the services on grant date.

(vi) Collateral shares forgone

The right to return of 19,300,000 collateral shares with a fair value of $1,331,700 was forgone by the Company on 31 July 2020 as part of the settlement agreement with CST and Lind. Refer to item (iv) above for more information.

(vii) Issue of shares – cancellation of options

56,594,580 shares were issued to option holders as consideration for the cancellation of 232,085,721 options and rights to options held by investors of certain classes of options.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTE 14. SHARE BASED PAYMENTS

	30 June 2021	30 June 2020
	Number of options	Number of options
Options	170,320,782	204,671,658

Unissued ordinary shares under option:	Grant date	Number of options	Average Exercise price
Opening balance 1 July 2019		301,979,377	
Options issued in relation to convertible notes[1]	24/12/2019	10,000,000	$0.2000
Options issued with expiry date of 31 October 2020	11/02/2020	2,604,279	$0.0450
Options issued with expiry date of 18 February 2023	14/02/2020	1,125,000	$0.1300
Options exercised for cash		(75,036,998)	
Options exercised per Agreement[2]		(31,000,000)	
Options lapsed		(5,000,000)	
Closing balance 30 June 2020		**204,671,658**	
Opening balance 1 July 2020		204,671,658	
Options issued with expiry date of 24 December 2021 (i)	17/12/2020	4,057,520	$0.1200
Options issued with expiry date of 24 September 2022 (ii)	17/09/2020	83,634,229	$0.1000
Options issued with expiry date of 25 September 2022 (ii)	17/09/2020	17,366,875	$0.1000
Options issued with expiry date of 28 September 2022 (ii)	17/09/2020	3,703,716	$0.1000
Options issued with expiry date of 24 September 2022 (iii)	17/09/2020	5,000,000	$0.0600
Options issued with expiry date of 1 September 2023 (iv)	19/11/2020	40,000,000	$0.1750
Options issued with expiry date of 24 September 2023 (v)	10/12/2019	2,500,000	$0.1600
Options issued with expiry date of 24 December 2023 (v & vi)	19/11/2020	5,500,000	$0.1273
Options issued with expiry date of 24 December 2025 (v)	19/11/2020	2,500,000	$0.1600
Options issued with expiry date of 1 September 2023 (iv)	16/06/2021	20,000,000	$0.1750
Options issued with expiry date of 22 June 2022 (vii)	16/06/2021	17,320,782	$0.2000
Exercise of options		(95,779,279)	
Options lapsed/cancelled		(140,154,719)	
Closing balance 30 June 2021		**170,320,782**	

[1] The options are issued in relation to a convertible notes agreement with CST Capital Pty Ltd and Lind Global Macro Fund LP and form part of the equity component of the fair value of the financial instruments.

[2] 31,000,000 of options were issued and exercised to GEM Facility as part of an agreement for removing an exclusivity clause in the original agreement.

(i) On 17 December 2020 the Company issued 4,057,520 options to Atlantic Capital in respect of Everblu Capital Pty Ltd capital raising fees, with an expiry date of 24 December 2021 and an exercise price of $0.120. The transaction has been capitalised as a cost of equity and recorded at the fair value of the services on grant date.

(ii) On 17 September 2020 the Company issued 104,704,830 options pursuant to the Convertible Note Offer under the Prospectus announced by the Company to ASX on 17 September 2020. These options have an expiry date of 24 September 2022 and an exercise price of $0.100. The options were treated as transaction costs and capitalised to the carrying value of the Convertible Note debt, expensed to profit or loss over the term of the Notes or upon redemption. Refer to Note 11 for further information. On application by Option holders and with shareholder approval, the Company cancelled 100% of these options for consideration in June 2021, refer to Note 13 (vii) for further information.

The valuation model inputs used in the Black-Scholes model to determine the fair value at the deemed grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date	Number Granted
17/09/2020	24/09/2022	$0.069	$0.100	95%	0%	0.16%	$0.028	83,634,229
17/09/2020	25/09/2022	$0.069	$0.100	95%	0%	0.16%	$0.028	17,366,875
17/09/2020	28/09/2022	$0.069	$0.100	95%	0%	0.16%	$0.028	3,703,716

(iii) On 24 September 2020 the Company issued 5,000,000 options to York Street Nominees in relation to corporate and strategic advice services provided by BJS Robb Pty Ltd in prior periods. These options have an expiry date of 24 September 2022 and an exercise price of $0.060.

(iv) On 19 November 2020 the Company issued 10,000,000 options to the Chief Revenue Officer, Mr Grant Thomson, and 10,000,000 each to the following directors: Dr Geoff Raby AO; Mr James Stickland; and, Mr Zhang as detailed in the Notice of Annual General Meeting and Explanatory Statement dated 15 October 2020. These options have been valued at grant date being date of shareholder approval.

The valuation model inputs used in the Black-Scholes model to determine the fair value at the deemed grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date	Number Granted
19/11/2020	1/09/2023	$0.071	$0.100	95%	0%	0.29%	$0.035	10,000,000
19/11/2020	1/09/2023	$0.071	$0.150	95%	0%	0.29%	$0.029	10,000,000
19/11/2020	1/09/2023	$0.071	$0.200	95%	0%	0.29%	$0.025	10,000,000
19/11/2020	1/09/2023	$0.071	$0.250	95%	0%	0.29%	$0.021	10,000,000

On 18 June 2021, the Company issued 10,000,000 options to each of the following directors: Mr Grant Booker; and, Mr Stephen Gibbs as detailed in the Notice of General Meeting and Explanatory Statement dated 14 May 2021.

The valuation model inputs used in the Black-Scholes model to determine the fair value at the deemed grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date	Number Granted
16/06/2021	1/09/2023	$0.025	$0.100	95%	0%	0.73%	$0.0053	5,000,000
16/06/2021	1/09/2023	$0.025	$0.150	95%	0%	0.73%	$0.0036	5,000,000
16/06/2021	1/09/2023	$0.025	$0.200	95%	0%	0.73%	$0.0027	5,000,000
16/06/2021	1/09/2023	$0.025	$0.250	95%	0%	0.73%	$0.0021	5,000,000

(v) On 24 December 2020 the Company issued three tranches of 2,500,000 options to Masamichi Tanaka as detailed in the Notice of Annual General Meeting and Explanatory Statement dated 15 October 2020. The first tranche was granted on 10 December 2019, with the second and third tranches granted on 19 November 2020. These options have an exercise price of $0.160 and each tranche expires on 24 September 2023, 24 December 2023 and 24 December 2025 respectively.

The valuation model inputs used in the Black-Scholes model to determine the fair value at the deemed grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date	Number Granted
19/11/2020	24/12/2023	$0.071	$0.160	95%	0%	0.39%	$0.030	2,500,000
19/11/2020	24/12/2025	$0.071	$0.160	95%	0%	0.39%	$0.042	2,500,000

The options lapsed during the current year as the attaching service condition was not met. All previously recognised expense was reversed in full during the current year.

(vi) On 24 December 2020 the Company issued 3,000,000 options to Sandy Aitken as detailed in the Notice of Annual General Meeting and Explanatory Statement dated 15 October 2020. These options have an exercise price of $0.100 and an expiry date of 24 December 2023. These options are subject to certain commercially sensitive non-market vesting hurdles at the sole discretion of the Board. For the current period a 100% probability of achievement has been applied with an estimated achievement date of 31/03/22, being 18 months from appointment.

The valuation model inputs used in the Black-Scholes model to determine the fair value at the deemed grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date	Number Granted
19/11/2020	24/12/2023	$0.071	$0.100	95%	0%	0.34%	$0.037	3,000,000

(vii) On 22 June 2021 the Company issued 17,320,782 options to various investors as detailed in the Notification regarding unquoted securities (Appendix 3G) dated 28 June 2021. These options have an exercise price of $0.200 and expire on 22 June 2022. Shareholder approval for both cancellation and issuance of these options was obtained at the EGM held 16 June 2021. The options were free attaching in relation to the December 2020 share placement per Note 13 (i), totalling 139,519,156 options. The rights to 122,198,374 were agreed to be cancelled, resulting in 17,320,782 being issued on 22 June 2021.

Share options outstanding as at 30 June 2021 have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	30 June 2021	30 June 2020
4/11/2015	3/11/2020	$0.187	-	267,379
30/12/2016	1/08/2020	$0.045	-	31,500,000
30/12/2016	1/08/2020	$0.120	-	5,000,000
30/12/2016	1/08/2020	$0.060	-	2,500,000
9/02/2017	1/08/2020	$0.300	-	10,000,000
9/02/2017	1/01/2021	$0.240	-	3,400,000
9/02/2017	1/01/2021	$0.120	-	3,300,000
9/02/2017	1/01/2021	$0.060	-	3,300,000
9/02/2017	1/10/2021	$0.060	2,000,000	2,000,000
9/02/2017	1/10/2021	$0.120	2,000,000	2,000,000
9/02/2017	1/10/2021	$0.240	2,000,000	2,000,000
9/02/2017	1/10/2021	$0.360	2,000,000	2,000,000
6/06/2018	2/07/2020	$0.010	-	39,375,000
6/06/2018	2/07/2021	$0.020	26,000,000	26,000,000
6/06/2018	2/07/2021	$0.090	6,250,000	6,250,000
6/06/2018	2/07/2021	$0.150	5,000,000	5,000,000
6/06/2018	2/07/2021	$0.045	2,250,000	2,250,000
21/12/2018	21/12/2021	$0.020	25,000,000	25,000,000
31/01/2019	31/01/2022	$0.037	-	19,800,000
10/12/2019	24/09/2023	$0.160	2,500,000	-
24/12/2019	24/12/2022	$0.200	10,000,000	10,000,000
11/02/2020	31/10/2020	$0.045	-	2,604,279
14/02/2020	18/02/2023	$0.130	-	1,125,000
24/09/2020	24/09/2022	$0.060	5,000,000	-
19/11/2020	1/09/2023	$0.100	10,000,000	-
19/11/2020	1/09/2023	$0.150	10,000,000	-
19/11/2020	1/09/2023	$0.200	10,000,000	-
19/11/2020	1/09/2023	$0.250	10,000,000	-
19/11/2020	24/12/2023	$0.100	3,000,000	-
16/06/2021	22/06/2022	$0.200	17,320,782	-
16/06/2021	1/09/2023	$0.100	5,000,000	-
16/06/2021	1/09/2023	$0.150	5,000,000	-
16/06/2021	1/09/2023	$0.200	5,000,000	-
16/06/2021	1/09/2023	$0.250	5,000,000	-
Total			**170,320,782**	**204,671,658**

Additionally, as approved by shareholders at the Annual General Meeting on 19 November 2020, Mr Matthew Ryan (Chief Financial Officer) was issued three tranches of 3,500,000 performance rights, to a total of 10,500,000. Each tranche will vest into a share in the Company for nil consideration upon service conditions being met, being that Mr Ryan is employed by the company at the respective vesting dates. The tranches vest on 31 August 2021, 31 August 2022 and 31 August 2023 respectively. These performance rights have been valued on grant date with reference to the share price, being $0.071. The resulting value has been vested over the associated service condition periods.

NOTE 15. EQUITY – RESERVES

	Consolidated as at	
	30 June 2021	30 June 2020
	$	$
Foreign currency translation reserve	(292,291)	(287,437)
Share based payments and options reserve	12,886,608	9,202,801
Total reserves	12,594,317	8,915,364

Share based payments and options reserve

This reserve is used to record the value of equity benefits provided for the issue of equity instruments.

NOTE 16. EQUITY – ACCUMULATED LOSSES

	Consolidated as at	
	30 June 2021	30 June 2020
	$	$
Accumulated losses at the beginning of the financial year	(88,338,081)	(64,380,135)
Loss after income tax expense for the financial year	(23,451,880)	(23,957,946)
Accumulated losses at the end of the financial year	(111,789,961)	(88,338,081)

NOTE 17. NON-CONTROLLING INTERESTS

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Beijing iLinkAll Science and Technology Co	**2021**	**2020**
Summarised balance sheet	**$**	**$**
Current assets	785,109	1,989,071
Current liabilities	(209,176)	(4,654)
Current net assets	575,933	1,984,417
Non-current assets	-	-
Non-current liabilities	-	-
Non-current net assets	-	-
Net assets	575,933	1,984,417
Accumulated NCI	115,187	396,883

	2021	**2020**
Summarised statement of comprehensive income	**$**	**$**
Revenue	5,894,384	1,709,580
Loss for the period	(1,494,061)	(81,629)
Other comprehensive income	-	-
Total comprehensive income	(1,494,061)	(81,629)
Profit allocated to NCI	(298,811)	(16,326)

	2021	**2020**
Summarised cash flows	**$**	**$**
Cash flows from operating activities	(212,177)	466,558
Cash flows from investing activities	1,816,780	(2,078,231)
Cash flows from financing activities	(1,338,229)	1,899,996
Effect of movement in exchange rates on cash held	40,159	(208,640)
Net increase in cash and cash equivalents	306,533	79,683

NOTE 18. BUSINESS COMBINATION

(a) Summary of acquisitions

Acquisition of SSI

On 6 January 2020 the Company acquired 100% of the issued share capital of reseller Security Software International (SSI) Pacific Pty Ltd. Total purchase consideration of $10,200,000 is reflected by up-front consideration of $8,160,000 (80%) and deferred consideration of $2,040,000 (20%). The deferred consideration component of the purchase consideration is payable over a two-year period, to be paid in 2 equal tranches 12 and 24 months post-acquisition (subject to service conditions and warranties). The first tranche, which is equivalent to 10% of the purchase consideration, was payable 12 months immediately after the completion date and was paid in January 2021. The second tranche, which is equivalent to the remaining 10% of the purchase consideration, is payable 24 months post-completion date. The deferred consideration is accounted and accrued for as an employee expense. A further $400,000 was paid as a net debt and working capital mechanism adjustment.
The acquisition is a high quality, value accretive business that provides strategic synergies and global growth opportunities to the Company. The relationships between SSI and the Australian market will enable Netlinkz to develop an innovative combined enterprise solution that meets the security and monitoring demands of these existing clients and modern businesses around the globe.

Details of the acquisition are as follows:	**Fair value** **$**
Current assets	
Cash and cash equivalents	834,868
Accounts receivable	526,335
Prepayments	93,830
GST	24,830
Investments	-
Total current assets	**1,479,863**
Non-current assets	
Office furniture & equipment	93
Software	53,000
Customer contracts and relationships	2,196,000
Total non-current assets	**2,249,093**
Total assets	**3,728,956**
Current liabilities	
Payroll liabilities	18,862
Provision for tax	(37,160)
Unearned revenue	973,137
Total current liabilities	**954,839**
Non-current liabilities	
Deferred tax liabilities on intangbles	603,900
Total non-current liabilities	**603,900**
Total liabilities	**1,558,739**
Net assets	**2,170,217**
Net assets acquired	2,170,217
Goodwill[1]	6,389,783
Fair value of total consideration transferred at acquisition date	8,560,000
Representing:	
Cash	8,560,000
Shares issued	-

[1] The goodwill is attributable to the workforce, know-how and the high profitability of the acquired business. It will not be deductible for tax purposes.

The Group has applied provisional accounting on its measurement of its purchase price allocation permitted under AASB3 Business Combinations.

Revenue and profit contribution
The acquired business contributed revenues of $1,269,246 and earnings before interest, tax, depreciation and amortisation of $454,630 to the Group for the period from 6 January 2020 to 30 June 2020.

If the acquisition had occurred on 1 July 2019, consolidated pro-forma revenue and earnings before interest, tax, depreciation and amortisation for the year ended 30 June 2020 would have been $2,637,643 and $783,360 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to plant, property and equipment and intangible assets had applied from 1 July 2019, together with the consequential tax effects.

Acquisition of AoFa

On 3 February 2020 the Company obtained control of AoFa for consideration with a fair value of $3,137,000. AoFa is registered in Shanghai as a Wholly Foreign Owned Entity. AoFa is 80% owner of the iLinkAll joint venture with an entity nominated by iSoftStone Information and Technology (Group) Co. Limited owning the remaining 20%. iLinkAll is responsible for the sale and distribution of software products and services in China.

Details of the acquisition are as follows:	**Fair value**
	$
Assets	
Cash and cash equivalents	41,214
Other receivables	107,107
Total assets	**148,321**
Liabilities	
Other payables	47
Tax payable	3,307
Total Liabilities	**3,354**
Net assets	**144,967**
Net assets acquired	144,967
Non-controlling interest acquired	-
Goodwill[1]	2,992,033
Fair value of total consideration transferred at acquisition date	3,137,000
Representing:	
Cash	3,137,000
Shares issued	-

[1] The goodwill is attributable to the iLinkAll joint venture with iSoftStone (refer 16 December 2020 ASX announcement), workforce and high growth potential of the acquired business. It will not be deductible for tax purposes.

The Group has applied provisional accounting on its measurement of its purchase price allocation permitted under AASB3 *Business Combinations*.

Revenue and profit contribution

The acquired business contributed revenues of $2,962,685 and an earnings before interest, tax, depreciation and amortisation loss of $468,593 to the Group for the period from 3 February 2020 to 30 June 2020.

If the acquisition had occurred on 1 July 2019, consolidated pro-forma revenue and earnings before interest, tax, depreciation and amortisation for the year ended 30 June 2020 would also have been $2,962,685 and a loss of $468,593 respectively, due to trading commencing in February 2020.

(b) Purchase consideration - cash outflow

	2020
Outflow of cash to acquire subsidiaries, net of cash acquired	**$**
Cash consideration	11,697,000
Less: Balances acquired	
Cash	876,082
Net outflow of cash - investing activities	10,820,918
Acquisition of SSI	7,725,131
Acquisition of AOFA	508,787

Acquisition-related costs
During the year ended 30 June 2020 the Group incurred acquisition-related costs of $183,662 that were not directly attributable to the issue of shares. These costs are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

There were no acquisitions in the year ended 30 June 2021.

NOTE 19. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated	
	2021	**2020**
	$	**$**
Loss after income tax expense for the year	(23,750,691)	(23,974,272)
Adjustments for non-cash transactions:		
Depreciation and amortisation	865,253	290,244
Foreign exchange differences	56,025	10,334
Fair value loss/(gain) on convertible note	-	3,662,677
Fair value loss/(gain) on debt settlement	(334,504)	3,517,667
Operating expenses paid in shares and options	2,026,215	1,686,500
Share based payments	2,571,444	1,684,660
Borrowing finance costs	9,277,622	4,336,213
Income tax benefit	-	(603,900)
Others	5,730	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,372,932)	639,245
Increase/(decrease) in trade and other payables	439,300	517,782
Increase/(decrease) in unearned income	265,999	(841,471)
Increase/(decrease) in employee benefits	163,793	152,311
Increase/(decrease) in income tax provision	-	33,853
Net cashflows from/(used in) operating activities	(9,786,746)	(8,888,157)

Loan reconciliation

	Balance as at 1 July 2020	Cash flows	Interest payable	Fair value changes	Non-cash settlement	Balance as at 30 June 2021
	$	$	$	$	$	$
Other related party loans	172,556	-	20,634	-	-	193,190
Akuna Finance Pty Ltd	2,098,025	-	81,664	-	(2,179,689)	-
Jamber Investments Pty Ltd	2,900,000	-	145,000	-	(3,045,000)	-
CST Capital Pty Ltd	4,459,700	(3,320,000)	-	-	(1,139,700)	-
Lind Global Macro Fund LP	4,259,700	(3,120,000)	-	-	(1,139,700)	-
J Callaway	250,000	1,250,000	88,125	-	(1,588,125)	-
Everblu Capital Pty Ltd	-	1,600,000	-	-	(1,600,000)	-
T Nairn	-	1,683,602	-	-	(1,683,602)	-
Virathus Capital	-	1,150,000	-	-	-	1,150,000
ARIE Manager Pty Ltd	-	4,900,000	-	-	(4,900,000)	-
	14,139,981	4,143,602	335,423	-	(17,275,817)	1,343,190

	Balance as at 1 July 2019	Cash flows	Interest payable	Fair value changes	Non-cash settlement	Balance as at 30 June 2020
	$	$	$	$	$	$
Other related party loans	374,668	(225,000)	22,888	-	-	172,556
Akuna Finance Pty Ltd	1,646,438	2,067,155	196,867	-	(1,812,435)	2,098,025
COJIM Pty Ltd	2,500,000	-	-	-	(2,500,000)	-
OSCF Pty Ltd	2,500,000	-	-	-	(2,500,000)	-
M Westerweller	-	(418,799)	418,799	-	-	-
Jamber Investments Pty Ltd	-	2,900,000	-	-	-	2,900,000
CST Capital Pty Ltd	-	2,876,500	-	1,583,200	-	4,459,700
Lind Global Macro Fund LP	-	2,677,475	-	1,582,225	-	4,259,700
J Callaway	-	250,000	-	-	-	250,000
	7,021,106	10,127,331	638,554	3,165,425	(6,812,435)	14,139,981

NOTE 20. EARNINGS PER SHARE

	Consolidated for the year ended	
	30 June 2021	**30 June 2020**
	$	**$**
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Netlinkz Limited	(23,451,880)	(23,957,946)

	Consolidated for the year ended	
	30 June 2021	**30 June 2020**
Weighted average number of ordinary shares used in calculating basic diluted earnings/(loss) per share	2,362,037,429	1,895,351,498

	$	$
Basic loss per share	(0.0099)	(0.0131)
Diluted loss per share	(0.0099)	(0.0131)

NOTE 21. INTERESTS IN MATERIAL SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

		Ownership interest	
		30 June 2021	30 June 2020
Name	Principal place of business/ Country of incorporation	%	%
Netlinkz Global Services (Aust & NZ) Pty Limited	Australia	100%	100%
Netlinkz Technology Pty Ltd	Australia	100%	100%
SSI Pacific Pty Ltd	Australia	100%	100%
AoFa Software Engineering (Shanghai) Co. Ltd	China	100%	100%
Netlinkz Japan K.K.	Japan	100%	100%
Netlinkz Technology Hong Kong Limited	Hong Kong	100%	0%
Beijing iLinkAll Science and Technology Co	China	80%	80%

NOTE 22. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the Company, its network firms and unrelated firms:

	Consolidated	
	30 June 2021	30 June 2020
	$	$
Auditors of the Group - BDO and related network firms		
Audit and review of financial statements		
Group	130,037	121,237
Controlled entities and joint operations	28,834	24,731
Total audit and review of financial statements	158,871	145,968
Other services	-	-
Total services provided by BDO	158,871	145,968

NOTE 23. COMMITMENTS

There were no commitments as at 30 June 2021 or 30 June 2020.

NOTE 24. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income	Parent entity for the year ended 2021	2020
	$	$
Loss after income tax	23,082,691	26,686,397

Statement of financial position	Parent entity for the year ended 2021	2020
	$	$
Total current assets	11,098,160	5,191,089
Total non-current assets	15,848,901	14,243,329
Total assets	26,947,061	19,434,418
Total current liabilities	4,056,994	19,400,773
Total non-current liabilities	-	-
Total liabilities	4,056,994	19,400,773
Equity		
Issued capital	117,665,239	76,954,479
Option reserve	9,933,078	7,193,275
Share-based payment reserve	2,953,470	2,009,526
Accumulated losses	(107,661,720)	(86,123,635)
Total equity/(Deficiency in equity)	22,890,067	33,645

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for plant, property and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for Investments in subsidiaries which are account for at cost, less any impairment, in the parent entity.

NOTE 25. CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since the end of the previous annual reporting period, 30 June 2020.

NOTE 26. EVENTS SUBSEQUENT TO REPORTING DATE

On 2 July 2021, 26,000,000 unlisted options with an exercise price of $0.02 and expiry date of 2 July 2021 were exercised.

On 7 July 2021, the Company announced that 2,250,000 securities with an exercise price of $0.045 and expiry date of 2 July 2021 have ceased due to the expiry of option without exercise or conversion.

On 7 July 2021, the Company announced 6,250,000 securities with an exercise price of $0.09 and expiry date of 2 July 2021 have ceased due to the expiry of option without exercise or conversion.

On 7 July 2021, the Company announced 5,000,000 securities with an exercise price of $0.15 and expiry date of 2 July 2021 have ceased due to the expiry of option without exercise or conversion.

On 3 August 2021, the Company announced 4,057,520 securities with an exercise price of $0.12 have ceased due to the cancellation by agreement between the entity and the holder.

On 3 August 2021, the Company announced that it issued 6,846,197 shares at a deemed price of $0.0284 per share in retirement of debt of $194,432 (principal and interest at 8% pa) and 7,142,857 shares at a deemed price of $0.035 in settlement of an invoice for services in the amount of $250,000, on 2 August 2021.

In addition to the foregoing announcement, the Company advises that 26,000,000 shares issued on conversion of options on 7 July 2021 were released from voluntary escrow on 2 August 2021.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.