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thedocyard

thedocyard Pty Ltd
Financial Report
Year ended 30 June 2019

ABN 19 602 586 407

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DIRECTORS' REPORT

Your directors present their report on thedocyard Pty Ltd ("the Company") for the financial year ended 30 June 2019.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Stuart Clout

James Walker (appointed on 13 August 2019)

Steven Coffey (appointed on 13 August 2019)

Directors have been in office during the whole of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was to develop and sell platform deal technology to the world's legal and financial services sectors.

There were no significant changes in the nature of the Company's principal activities during the financial year.

OPERATING RESULTS

The operating loss for the financial year was \$745,263 (2018: \$836,498). The net assets of the entity decreased to negative net assets of \$143,359 from positive net assets of \$476,904. The Company's cash reserves decreased from \$444,423 to \$261,631.

REVIEW OF OPERATIONS

The 2019 Financial Year has been another year of significant advancements for the Company, including another increase in revenue and the number of customers using the technology.

The Company's activities were funded throughout 2019 via the ongoing operations of the business and the raising of additional equity.

2019 has been a very successful year for the Company, the laying of a solid foundation. thedocyard Board and management look forward to delivering commercial outcomes for our shareholders in the upcoming financial year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the developments reported elsewhere in this report, there were no significant changes in the state of affairs during the year.

DIVIDENDS PAID OR RECOMMENDED

No dividends were declared in 2019 or 2018.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The following transactions or events have occurred post-30 June 2019:

- On 19 September 2019 the company completed a share split that changed the number of ordinary shares issued from 341,266 to 98,500,000.
- On 26 September 2019 the Company issued 7,481,250 ordinary shares to raise cash of \$1,197,000.
- On 1 November 2019 the Company will change status from an Australian registered proprietary company to an Australian registered public company.

No other matters or circumstance have arisen since 30 June 2019 that have significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

NON-AUDIT SERVICES

No non-audit services were performed by the Company's Auditor, HLB Mann Judd Assurance (NSW) Pty Ltd, during the year.

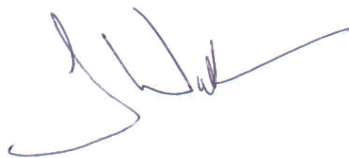
AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 3.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



Stuart Clout
Executive Director and CEO



James Walker
Non-Executive Chairman

Dated: 25 October 2019

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Auditor's Independence Declaration to the directors of thedocyard Pty Ltd:

As lead auditor for the audit of the financial report of thedocyard Pty Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



**Sydney, NSW
25 October 2019**

**D K Swindells
Director**

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

	Note	2019 \$	2018 \$
Revenue from ordinary activities	3	553,431	245,272
Other income	3	88,354	430,399
Sales, marketing and customer support		(145,504)	(116,402)
Software development and technology infrastructure		(645,821)	(485,699)
Employee expenses		(425,465)	(669,521)
Corporate and administration expenses		(163,175)	(232,043)
Interest expense		(7,083)	(8,504)
Profit (Loss) before income tax		(745,263)	(836,498)
Income tax expense	4	-	-
Profit (Loss) for the year		(745,263)	(836,498)
Other comprehensive income		-	-
Total comprehensive income (loss)		(745,263)	(836,498)

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

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	6	261,631	444,423
Trade and other receivables	7	214,692	214,472
Other		9,000	-
TOTAL CURRENT ASSETS		485,323	658,895
Non-Current Assets			
Right-of-use leased asset	8	49,500	-
TOTAL NON-CURRENT ASSETS		49,500	-
TOTAL ASSETS		534,823	658,895
Current Liabilities			
Trade and other payables	9	185,076	113,650
Other liabilities	10	36,523	68,341
Lease liability	8	49,500	-
External loans	11	254,042	-
Convertible notes	12	153,041	-
TOTAL CURRENT LIABILITIES		678,182	181,991
TOTAL LIABILITIES		678,182	181,991
NET ASSETS		(143,359)	476,904
Equity			
Issued capital	13	2,003,658	1,878,658
Accumulated profits (losses)		(2,147,017)	(1,401,754)
TOTAL EQUITY		(143,359)	476,904

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

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

	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2017	912,400	(565,256)	347,144
Total comprehensive income	-	(836,498)	(836,498)
Transactions with owners in their capacity as owners			
Share funds received	966,258	-	966,258
Balance at 30 June 2018	<u>1,878,658</u>	<u>(1,401,754)</u>	<u>476,904</u>
Total comprehensive income	-	(745,263)	(745,263)
Transactions with owners in their capacity as owners			
Share funds received	125,000	-	125,000
Balance at 30 June 2019	<u>2,003,658</u>	<u>(2,147,017)</u>	<u>(143,359)</u>

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		486,200	256,540
Interest and other income received		108,983	460,422
Payments to suppliers and employees		(1,293,975)	(1,337,086)
Interest and other expenses paid		-	(8,504)
Payment of lease deposit		(9,000)	-
Net cash (used in) operating activities	13	(707,792)	(628,628)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	-
Net cash (used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of share applications received		125,000	865,661
Proceeds of loan received		250,000	-
Proceeds from convertible notes received		150,000	-
Net cash provided by financing activities		525,000	865,661
Net increase (decrease) in cash held		(182,792)	237,033
Cash at the beginning of the financial year		444,423	207,390
Cash at the end of the financial year	6	261,631	444,423

The statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers thedocyard Pty Ltd ("the Company"). thedocyard Pty Ltd is a proprietary limited company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 25 October 2019 by the directors of the Company. The directors have the power to amend and reissue the financial report.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

Basis of Preparation

The general purpose financial statements of the Company have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB"), as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accounting policies set out below have been consistently applied to all years presented.

The financial report has been prepared on an accruals basis and is based on historical costs.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Australian Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. The Company has also early adopted AASB 15: *Revenue from Contracts with Customers* and AASB 16: *Leases* from the period commencing 1 July 2017. For other Standards not adopted early and the impact of these on the Company please refer to Note 1(k) for further information.

Accounting Policies

(a) Income Tax

With the Company in a tax loss situation in 2018 and 2019 no income tax has been brought to account. Once profitable the income tax expense will comprise current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable tax rates enacted, or substantively enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that no adverse change will occur in income taxation legislation, that the Company will derive sufficient future assessable income to enable the benefit to be realised and that the Company will continue to comply with the conditions of deductibility imposed by the law.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(c) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in profit or loss.

(d) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, including related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(e) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, and deposits held at call with banks.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue and Other Income

Subscription revenue for use of the Company's platform is recognised over the period of access.

Income from research and development grants is recognised in profit or loss as income in the period in which the expenditure occurs.

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

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(j) Adoption of New and Revised Accounting Standards

As noted above, two new Australian Accounting Standards have been applied from 1 July 2017.

AASB 15 Revenue from Contracts with Customers

The Company has adopted AASB 15, which replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue related Interpretations. The Standard provides a single comprehensive model for revenue recognition. The core principle of the Standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue.

The adoption of AASB 15 has not had any effect on the financial performance or position of the Company. No adjustment was required to be recognised to the opening balance of retained earnings at 1 July 2017 as a result of the adoption of AASB 15.

AASB 16 Leases

AASB 16 replaces AASB 117 *Leases* and some lease related Interpretations. AASB 16 requires that all leases are accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases.

The Company had no leases during the year ended 30 June 2018.

Adoption of AASB 16 has resulted in recognition of both a liability for future lease payments, and a "Right of use" asset.

NOTE 2: GOING CONCERN

Going Concern

The Company incurred a loss for the year ended 30 June 2019 of \$745,263 and had cash outflows from operations for that year of \$707,792, and the statement of financial position as at 30 June 2019 shows a deficiency of current assets in relation to current liabilities of \$192,859 and a deficiency of net assets of \$143,359. There is therefore a material uncertainty in relation to the ability of the Company to continue as a going concern.

Notwithstanding the loss for the financial year, negative cash flows and the deficiency of net assets, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that the Company will be able to continue as a going concern, on the following bases:

- The Company has the ability to continue to raise additional funds on a timely basis. The Company has raised funds in the past and the Directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required;
- If required, the Company has the ability to finance the research and development tax rebate to have access to this funding earlier. This will improve the liquidity of the Company; and
- The Company has the ability to scale back a significant portion of its development activities if required.

Accordingly, the Directors have prepared the financial report on a going concern basis.

NOTE 3: REVENUE AND OTHER INCOME

	2019 \$	2018 \$
Revenue		
- Sale of software and related services	553,431	245,272
Total revenue	<u>553,431</u>	<u>245,272</u>
Other Income		
- Grants received	-	321,416
- R&D Tax offsets	88,354	108,983
Total other income	<u>88,354</u>	<u>430,399</u>

NOTE 4: INCOME TAX EXPENSE

The Company did not record an income tax expense as the Company generated a taxable loss for both 2018 and 2019 and has carried forward tax losses.

As at 30 June 2019 the company had carried forward income tax losses of \$830,918, the benefit of which, \$228,502, will only be realised if the Company:

- earns future assessable income of a nature and an amount to enable realisation of the benefit
- the Company continues to comply with income tax law related to realisation of the benefit, and
- no changes in income tax law adversely affect the Company's entitlement to the benefit.

NOTE 5: AUDITORS' REMUNERATION

	2019 \$	2018 \$
Remuneration of the auditor for:		
Auditing the financial report	20,000	19,000
	20,000	19,000

NOTE 6: CASH AND CASH EQUIVALENTS

	2019 \$	2018 \$
Cash at bank and in hand	261,631	444,423
	261,631	444,423

NOTE 7: TRADE AND OTHER RECEIVABLES

	2019 \$	2018 \$
CURRENT		
Trade debtors	131,226	97,668
Less: Provision for expected credit loss	(28,987)	(8,609)
Other debtors and prepayments	112,453	125,413
	214,692	214,472

NOTE 8: LEASES

	2019 \$	2018 \$
During June 2019 the Company entered a lease for office premises. This lease has been recognised in the financial statements as follows:		
Right-of-use asset	49,500	-
Lease liability	49,500	-
The lease is for 13 months and 13 days		

NOTE 9: Trade AND OTHER PAYABLES

	2019 \$	2018 \$
CURRENT		
Trade and other payables	185,076	113,650
	185,076	113,650

NOTE 10: OTHER LIABILITIES

	2019 \$	2018 \$
CURRENT		
Contract liabilities	36,523	68,341
	36,523	68,341

Contract liabilities represent subscriptions received in advance of the provision of services.

NOTE 11: EXTERNAL LOANS

	2019 \$	2018 \$
CURRENT		
Loan funds received	254,042	-
	254,042	-

The loan was interest free from the date of the loan until 14 May 2019, and from that date bears interest at 12% per annum. The loan is repayable at the earlier of the following events:

- The lender enters into an agreement to invest in the Company
- The Company receives investments from any other source, or
- 30 June 2020.

The loan is secured over all accounts receivable of the Company, and the Intellectual Property of the Company.

Subsequent to year end the lender agreed that the loan can be repaid from the proceeds of a proposed initial public offering.

NOTE 12: CONVERTIBLE NOTES

	2019 \$	2018 \$
CURRENT		
Convertible notes issued	153,041	-
	153,041	-

The Convertible Notes were issued on 24 May 2019, and bear interest at 20% per annum. The Notes are convertible at the option of the noteholder, and are mandatorily converted upon the Company receiving conditional listing approval from the Australian Securities Exchange and the Company issuing a Conversion Notice to the Noteholders. The Notes will otherwise be automatically converted one year after issue date.

The Notes are Convertible into shares in the Company, at a price equal to the lower of:

- 50% of the fully-diluted pre-money IPO listing valuation, and
- a fully-diluted pre-money valuation of the Company of \$10,000,000.

NOTE 13: ISSUED CAPITAL

	2019 \$	2018 \$
Fully paid ordinary shares	2,003,658	1,878,658
	<u>2,003,658</u>	<u>1,878,658</u>
Movements in Ordinary Shares	No.	\$
At the beginning of the reporting period – 1 July 2018	338,515	1,878,658
Issued during the year	2,751	125,000
At the end of the reporting period	<u>341,266</u>	<u>2,003,658</u>

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

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 14: CASH FLOW INFORMATION

	2019 \$	2018 \$
(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax		
(Loss) after income tax	(745,263)	(836,498)
Non-cash items – Provision for expected credit losses	20,378	8,609
– Remuneration paid as equity	-	100,597
(Increase)/decrease in trade and other receivables	(29,598)	(27,050)
Increase/(decrease) in trade and other payables and accruals	71,426	57,373
Increase/(decrease) in other liabilities	(31,818)	68,341
Increase/(decrease) in external loans and convertible notes	7,083	-
Cash flows from (used in) operations	<u>(707,792)</u>	<u>(628,628)</u>

NOTE 15: CAPITAL COMMITMENTS

The Company had no capital commitments at 30 June 2019 or 30 June 2018, other than the lease commitments at 30 June 2019, payable:

- Within 1 year: \$54,000
- After 1 year and within 2 years: \$4,500

NOTE 16: RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel remuneration included within employee expenses for the year is shown below:

	2019 \$	2018 \$
Employee salary and superannuation	109,500	179,602
	<u>109,500</u>	<u>179,602</u>

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, are considered key management personnel.

Key management personnel are considered to include only the CEO and founder, Stuart Clout. During 2018 \$35,587 of Mr Clouts' salary was paid as ordinary shares.

NOTE 17: SUBSEQUENT EVENTS

The following transactions or events have occurred post-30 June 2019:

- On 19 September 2019 the Company completed a share split that changed the number of ordinary shares issued from 341,266 to 98,500,000.
- On 26 September 2019 the Company issued 7,481,250 ordinary shares to raise cash of \$1,197,000.
- On 1 November 2019 the Company will change status from an Australian registered proprietary company to an Australian registered public company.

No other matters or circumstance have arisen since 30 June 2019 that have significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

NOTE 18: COMPANY DETAILS AND PRINCIPAL PLACE OF BUSINESS

The registered office of thedocyard Pty Ltd is:

Suite 3601, Level 36, Australia Square
264 George Street
Sydney NSW 2000
AUSTRALIA

The principal place of business of the Company is:

Level 16, 175 Pitt Street
Sydney NSW 2000
AUSTRALIA

DIRECTORS' DECLARATION

1. In the opinion of the directors of thedocyard Pty Ltd:
 - (a) financial statements and notes of thedocyard Pty Ltd as set out on pages 4 to 15 present fairly the Company's financial position as at 30 June 2019 and its performance for the year ended on that date, in Accordance with Australian Accounting Standards (Including the Australian Accounting Interpretations); and
 - (b) there are reasonable grounds to believe that thedocyard Pty Ltd will be able to pay its debts as and when they become due and payable.
2. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Stuart Clout
Executive Director and CEO

Dated: 25 October 2019



James Walker
Non-Executive Chairman

Independent Auditor's Report to the Members of thedocyard Pty Ltd

Opinion

We have audited the financial report of thedocyard Pty Ltd ("the Company") which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Company as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Regarding Going Concern

We draw attention to Note 2 to the financial report, which indicates that during the year ended 30 June 2019 the Company incurred a net loss of \$745,263 and had cash outflows from operations of \$707,792, and as at 30 June 2019 the Company's current liabilities exceeded its current assets by \$192,859 and the Company had a deficiency of net assets of \$143,359. As stated in Note 2 these events or conditions, along with other matters set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report

Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Directors are responsible for overseeing the Company's financial reporting process.

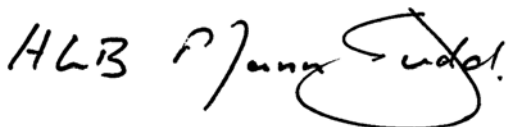
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'HLB Mann Judd Assurance (NSW) Pty Ltd'.

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

A handwritten signature in black ink that reads 'D K Swindells'.

D K Swindells
Director

Sydney, NSW
25 October 2019