

# Linus Technologies Limited

ABN 84 149 796 332

## Appendix 4E

Preliminary Final Report

30 June 2020

### Reporting period

Report for the current period is for the year ended 30 June 2020.

Prior corresponding period information is for the year ended 30 June 2019.

### Results for announcement to the market

	2020	2019	Increase/(decrease) over previous corresponding period	
	\$	\$	\$	%
Revenue from ordinary activities	66,523	164,254	(97,731)	(59.5%)
Revenue from ordinary activities excluding interest	60,000	54,624	5,376	9.8%
Profit/(Loss) from ordinary activities after tax attributable to members	(7,820,189)	(11,557,874)	3,737,685	(32.3%)
Net profit/(loss) for the period attributable to members	(7,820,189)	(11,557,874)	3,737,685	(32.3%)

### Dividends

No dividends were paid or declared during the financial period and it is not proposed to pay dividends.

No dividends have previously been declared or paid in prior financial periods and there are no dividend reinvestment plans in place.

### Details of entities over which control has been gained during the period

None.

### Details of entities over which control has been lost during the period

None.

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## Financial statements and Explanation of results

The loss for the year ended 30 June 2020 after income tax expense amounted to \$7,820,189. This loss includes non-cash share based payments expense of \$137,240 and non-cash amortisation charges of \$540,000.

The financial results and net cash outflow for Financial Year 2020 reflect the commercialisation activities undertaken by Linius. Over that period, the Company has acted on its strategy to conclude commercial deals and targeted POCs, including Racing.com, LiveTiles and Grafa. The investment in our people, technology and processes will further enable the Company to capitalize on growing global market opportunities for Linius.

During the year significant investment has occurred in the Company's engineering function, with a number of full-time resources being brought in house, resulting in a significant reduction in consultancy and software development expenses for the year, whilst increasing the output of key software deliverables and our capabilities to support clients.

In addition, Linius acted decisively to cut costs in March 2020, in light of the impacts of COVID 19 on our key market segments. The cost reductions included Board and senior management taking significant pay cuts of 20-80% of total compensation along with the negotiation of cost reductions with key suppliers in the range of 20-50%.

The financial statements for the period, further information and brief explanation of the financial results for the period and other information required under Appendix 4E are contained in this document.

### Net tangible asset backing

	Current period	Previous corresponding period
Net tangible assets per ordinary security	0.1 cents	0.2 cents

### Events after the reporting period

None.

### Audit

The results reported are in the process of an independent audit.

Signed:



Giuseppe Rinarelli  
Company Secretary

31 August 2020  
Melbourne

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**LINIUS TECHNOLOGIES LIMITED**

**ACN 149 796 332**

**APPENDIX 4E**

**FINANCIAL STATEMENTS**

**2020**

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

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# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2020

	Note	2020 \$	Group 2019 \$
Revenue	2	66,523	164,254
Administrative expenses		(377,611)	(674,801)
Employee benefit expenses		(1,624,423)	(684,328)
Amortisation expense		(540,000)	(540,000)
Consultant expenses		(818,381)	(2,624,546)
Depreciation expense		(20,180)	(9,081)
Director remuneration expenses		(390,598)	(468,070)
Share-based payments expense		(137,240)	(587,461)
Financial and compliance expenses		(207,611)	(282,560)
Software development expenses		(2,744,109)	(4,336,239)
Marketing and promotional expenses		(573,960)	(731,310)
Patent costs		(163,202)	(42,160)
Legal expenses		(63,287)	(161,856)
Travel and accommodation expenses		(226,110)	(579,716)
Loss before income tax		(7,820,189)	(11,557,874)
Income tax expense	4	-	-
Loss for the year		(7,820,189)	(11,557,874)
Other comprehensive loss		-	-
Total comprehensive loss for the year		(7,820,189)	(11,557,874)
Basic loss per share (cents per share)	7	(0.67)	(1.2)
Diluted loss per share (cents per share)	7	(0.67)	(1.2)

The accompanying notes form part of the financial report

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	Group 2020 \$	Group 2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	1,597,029	2,298,200
Other receivables	9	125,411	286,389
<b>TOTAL CURRENT ASSETS</b>		<b>1,722,440</b>	<b>2,584,589</b>
<b>NON-CURRENT ASSETS</b>			
Intellectual property	10	2,925,000	3,465,000
Property, plant and equipment		45,158	34,929
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,970,158</b>	<b>3,499,929</b>
<b>TOTAL ASSETS</b>		<b>4,692,598</b>	<b>6,084,518</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	254,772	529,856
Employee provisions		53,807	53,128
<b>TOTAL CURRENT LIABILITIES</b>		<b>308,579</b>	<b>582,984</b>
<b>TOTAL LIABILITIES</b>		<b>308,579</b>	<b>582,984</b>
<b>NET ASSETS</b>		<b>4,384,019</b>	<b>5,501,534</b>
<b>EQUITY</b>			
Issued capital	12	38,908,990	32,381,556
Share based payments reserve		5,161,861	4,986,621
Accumulated losses		(39,686,832)	(31,866,643)
<b>TOTAL EQUITY</b>		<b>4,384,019</b>	<b>5,501,534</b>

The accompanying notes form part of the financial report

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

Group	Issued Capital \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total \$
Balance 1 July 2018	30,047,557	4,363,160	(20,308,769)	14,101,948
Total comprehensive loss:				
Loss for the year	-	-	(11,557,874)	(11,557,874)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(11,557,874)	(11,557,874)
Transactions with owners of the Company:				
Shares and options issued during the year (net of capital raising costs)	2,333,999	-	-	2,333,999
Share-based payments	-	623,461	-	623,461
Total transactions with owners of the Company	2,333,999	623,461	-	2,957,460
Balance at 30 June 2019	32,381,556	4,986,621	(31,866,643)	5,501,534
Balance 1 July 2019	32,381,556	4,986,621	(31,866,643)	5,501,534
Total comprehensive loss:				
Loss for the year	-	-	(7,820,189)	(7,820,189)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(7,820,189)	(7,820,189)
Transactions with owners of the Company:				
Shares and options issued during the year (net of capital raising costs)	6,527,434	-	-	6,527,434
Share-based payments	-	175,240	-	175,240
Total transactions with owners of the Company	6,527,434	175,240	-	6,702,674
Balance at 30 June 2020	38,908,990	5,161,861	(39,686,832)	4,384,019

The accompanying notes form part of the financial report

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	Group 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		59,400	-
Payments to suppliers		(7,283,554)	(10,956,994)
Other income received		-	36,091
Interest received		6,523	107,373
Net cash used in operating activities	13	(7,217,631)	(10,813,530)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment		(30,409)	(24,297)
Net cash provided by / (used in) investing activities		(30,409)	(24,297)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Insurance premium funding payments	11	(18,565)	-
Proceeds from issue of shares and options		6,954,434	2,549,999
Capital raising costs paid		(389,000)	(180,000)
Net cash inflows from financing activities		6,546,869	2,369,999
Net increase/(decrease) in cash held		(701,171)	(8,467,828)
Cash at beginning of financial year		2,298,200	10,766,028
Cash at end of financial year	8	1,597,029	2,298,200

The accompanying notes form part of the financial report



# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 1: BASIS OF PREPARATION

These preliminary financial statements and notes comprise the information required as Appendix 4E, under ASX listing rule 4.3A for Linius Technologies Limited (“the Company”) and its controlled entities (“the Group”), a listed Australian company incorporated in Australia. This report is based on financial statements that are in the process of being audited.

##### Basis of Preparation

The preliminary financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, it should be read in conjunction with the Annual Report for the period ended 30 June 2019 and the financial report for the six months ended 31 December 2019 and any public announcements made by the Company in accordance with the continual disclosure requirements of the Corporations Act 2001. This preliminary report has been prepared in accordance with the measurement and recognition requirements of the Australian Accounting Standards, Accounting Interpretations and the Corporations Act 2001.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AIFRS ensures that the financial report and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The Appendix 4E was authorised for issue on 31 August 2020.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

##### *Going Concern*

The financial statements have been prepared under the historical cost convention, applying the going concern basis of accounting. The directors are confident in the continuing support from the existing shareholders and the ability to attract new investors to fund the Group’s future finance requirements. Further details of the going concern basis of accounting will be provided in the Group’s annual report for the year ended 30 June 2020.

#### NOTE 2: REVENUE

	2020	Group	2019
	\$		\$
Revenue for services rendered	60,000		14,534
Other revenue:			
Government grants	-		40,090
Interest received	6,523		109,630
<b>Total revenue</b>	<b>66,523</b>		<b>164,254</b>

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 3: LOSS FOR THE YEAR

	2020 \$	Group 2019 \$
Other expenses:		
Occupancy costs	101,866	133,830

#### NOTE 4: INCOME TAX EXPENSE

	2020 \$	Group 2019 \$
(a) Income tax expense		
Current tax benefit	(2,111,759)	(3,007,849)
Deferred tax – origination and reversal of temporary differences	(187)	(7,724)
Deferred tax assets not recognised	2,111,946	3,015,573
	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable on profit/loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating loss at 27.5%	(2,150,552)	(3,178,415)
Add / (Less)		
Tax effect of:		
Share based payments	37,741	161,552
Other non-allowable items	865	1,290
Unused tax losses and other balances not recognised as deferred assets	2,111,946	3,015,573
Income tax attributable to operating loss	-	-
(c) Unrecognised deferred tax assets		
Unused Australian tax losses for which no deferred tax asset has been recognised	8,355,810	6,244,051*
Temporary differences not recognised	14,797	14,610
Total	8,370,607	6,258,661*

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 4: INCOME TAX expense (continued)

- i. The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- ii. The Group continues to comply with conditions for deductibility imposed by law; and
- iii. No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

Group

\* Prior year balances have been updated to reflect assessed amounts.

#### NOTE 5 : KEY MANAGEMENT PERSONNEL

The total of remuneration paid to KMP of the Group during the period are as follows:

	Group	
	2020	2019
	\$	\$
Short-term employee benefits	589,782	652,755
Share-based payments	50,801	130,249
	640,583	783,004

#### NOTE 6: AUDITOR'S REMUNERATION

	Group	
	2020	2019
	\$	\$
Remuneration of the auditor for services provide to the Group and the Parent during the year:		
<i>Audit and review services</i>		
KPMG: auditing and reviewing of financial statements	87,437	84,870
<i>Other services</i>		
KPMG: taxation advisory	-	27,232
	87,437	112,102

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 7: EARNINGS/LOSS PER SHARE

	Group	
	2020	2019
	\$	\$
a. Reconciliation of earnings to profit or loss		
Loss used to calculate basic and diluted EPS	(7,820,189)	(11,557,874)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	1,161,254,794	953,465,552

Potential ordinary shares comprising 44,022,625 options (2019: 115,645,850) were excluded in the calculation of diluted EPS given they are antidilutive.

#### NOTE 8: CASH AND CASH EQUIVALENTS

	Group	
	2020	2019
	\$	\$
Cash at bank and in hand	1,597,029	2,298,200

The effective interest rate on short-term bank deposits was varying between 0.01% to 2.6%.

##### *Reconciliation of cash*

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,597,029	2,298,200
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#### NOTE 9: OTHER RECEIVABLES

	Group	
	2020	2019
	\$	\$
<b>CURRENT</b>		
Accounts receivable	21,134	14,534
GST receivable	15,970	70,323
Prepaid expenses and other receivables	88,307	201,532
	125,411	286,389

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 10: INTELLECTUAL PROPERTY

The Group acquired the intellectual property associated with the Linius technology from an unrelated party in the financial period ended 30 June 2016. The intellectual property includes patents, copyright, confidential information and trademarks. In accordance with accounting standards and the Group accounting policies this asset is treated as having a finite life and is being amortised over 10 years.

	Group	
	2020	2019
	\$	\$
Intellectual property at cost	5,400,000	5,400,000
Accumulated amortisation	(2,475,000)	(1,935,000)
	2,925,000	3,465,000

The directors have assessed the value and useful life of the intellectual property at balance date.

The cost of the intellectual property was established upon the purchase of the intellectual property through a third party transaction during the financial period ended 30 June 2016. The value of the intellectual property was further validated through the reverse takeover process and capital raising undertaken by Linius Technologies Limited (Linius) in April/May 2016. During this process an independent report was commissioned, which gave the directors comfort that the intellectual property purchased was covered by valid patents, trademarks and copyright.

The directors note that the intellectual property is at an early stage in its commercial life, with the associated technology recently commencing commercialisation. The value and lifespan of the owned intellectual property continues to be enhanced by further patent registrations in new jurisdictions across the world and through continued development of the technology associated with the intellectual property.

The directors have currently assessed the useful life of the intellectual property as being 10 years. The directors consider that a 10 year useful life is reasonable and appropriate and have amortised the value of intellectual property at balance date on that basis.

Further details regarding impairment testing will be provided in the Group's annual report for the year ended 30 June 2020.

#### NOTE 11: TRADE AND OTHER PAYABLES

	Group	
	2020	2019
	\$	\$
Trade payables*	123,995	431,948
Insurance premium funding**	77,122	-
Sundry payables and accrued expenses	53,655	97,908
	254,772	529,856

\*Terms of trade are in line with normal commercial terms (usually 30 to 60 days)

*Reconciliation of movements of liabilities to cash flows arising from financing activities.*

\*\* Initial loan balance of \$95,597 was non cash as the insurance premium was paid directly by financier. During the year, \$18,565 was repaid. Nominal interest rate is 8.12% and this loan is repayable by February 2021.

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 12: ISSUED CAPITAL AND RESERVES

		Group	
	Note	\$ Group	Number (Legal parent)
<b>Issued Capital</b>			
<b>2020</b>			
Opening balance 1 July 2019		32,381,556	1,013,026,120
Issue of options		4,434	-
Issue of shares through private placement (net of costs)*		6,523,000	296,753,249
Issue of shares as share based payment to consultants**		-	550,000
At reporting date		38,908,990	1,310,329,369
The Company has issued share capital amounting to 1,310,329,369 ordinary shares of no par value.			
<b>2019</b>			
Opening balance 1 July 2018		30,047,557	935,597,548
Issue of shares through private placement (net of costs)*		2,283,999	71,428,572
Issue of shares as share based payment to consultants**		-	5,000,000
Issue of shares on conversion of unlisted options		50,000	1,000,000
At reporting date		32,381,556	1,013,026,120

\*Net of \$38,000 (2019: \$36,000) of share based payment transaction costs and \$389,000 of other transaction costs.

\*\*Net of \$17,050 (2019: \$ 272,500) of share based payments expense recorded in the profit and loss and share based payments reserve.

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 12: ISSUED CAPITAL AND RESERVES (CONTINUED)

Ordinary shares	Legal parent entity	
	2020 No.	2019 No.
Opening balance	1,013,026,120	935,597,548
Fully paid shares issued during the period		
– August 2018 (share based payment of consulting fees)	-	2,500,000
– February 2019 (share based payment of consulting fees)	-	1,250,000
– March 2019 (issue of shares on exercise of unlisted options)	-	1,000,000
– April 2019 (issue of shares by private placement)	-	71,428,572
– June 2019 (share based payment of consulting fees)	-	1,250,000
– July 2019 (issue of shares by private placement to directors)	28,571,430	-
– October 2019 (issue of shares by private placement)	119,696,980	-
– October 2019 (issue of shares by private placement)	7,575,750	-
– November 2019 (share based payment of consulting fees)	275,000	-
– December 2019 (issue of shares by private placement to directors)	9,090,909	-
– December 2020 (share based payment of consulting fees)	275,000	-
– May 2020 (issue of shares by private placement)	131,818,180	-
At reporting date	1,310,329,369	1,013,026,120

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. All ordinary shares rank equally with regard to the Company's residual assets.

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 12: ISSUED CAPITAL AND RESERVES (CONTINUED)

##### NATURE AND PURPOSE OF RESERVES

###### Share-Based Payments Reserve

This reserve is used to record the equity value of share based payment expenses incurred as consideration for employee and consultant services.

###### Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being an early stage technology company, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development of software, early stage business commercialisation initiatives and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2020 is as follows:

	Group	
	2020	2019
	\$	\$
Cash and cash equivalents	1,597,029	2,298,200
Trade and other receivables	125,411	286,389
Trade and other payables and other liabilities	(308,579)	(582,984)
Working capital position	1,413,861	2,001,605



# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 13: CASH FLOW INFORMATION

	Group	
	2020	2019
	\$	\$
Cash flows excluded from loss attributable to operating activities:		
Loss after income tax	(7,820,189)	(11,557,874)
Non cash items		
- Depreciation	20,180	9,081
- Amortisation	540,000	540,000
- Share-based payments expense	137,240	587,461
- Shares issued for payment of trade payable	-	-
Changes in assets and liabilities		
- Increase/(decrease) in provisions	679	28,087
- Increase/(decrease) in trade payables and accruals	(256,519)	(399,088)
- (Increase)/decrease in trade receivables and prepayments	160,978	(21,197)
Cash flows used in operating activities	(7,217,631)	(10,813,530)

#### NOTE 14: OPERATING SEGMENTS

##### Segment Information

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being the development and commercialisation of computer software in the Australasian region.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities of this segment are those of the Group and are set out in the consolidated statement of financial position.

# LINIUS TECHNOLOGIES LIMITED

## APPENDIX 4E 2020

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 15: PARENT ENTITY DISCLOSURES

The following detailed information is related to the legal parent entity Linius Technologies Limited as at 30 June 2020.

Financial position	2020	2019
	\$	\$
<b>Assets</b>		
Current assets	1,562,189	2,175,132
Non-current assets	14,321,364	37,139,948
<b>Total assets</b>	<b>15,883,553</b>	<b>39,315,080</b>
<b>Liabilities</b>		
Current liabilities	159,601	111,167
<b>Total liabilities</b>	<b>159,601</b>	<b>111,167</b>
<b>Equity</b>		
Issued capital	54,549,945	48,022,511
Option premium reserve	36,462	36,462
Share based payments reserve	5,161,861	4,986,621
Accumulated losses	(44,024,316)	(13,841,681)
<b>Total equity</b>	<b>15,723,952</b>	<b>39,203,913</b>
<b>Financial performance</b>	<b>2020</b>	<b>2019</b>
	\$	\$
Loss for the year	30,182,635	2,213,040
<b>Total comprehensive loss</b>	<b>30,185,635</b>	<b>2,213,040</b>

#### (i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. The investment amounts are assessed for recoverability and an impairment is recorded where the recoverable amount is lower than cost. The recoverable amount is determined by taking into account the market capitalisation of the Group at balance date.

Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

#### (ii) Receivables from subsidiaries

These receivables are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.