

## 1. Company details

<b>Name of entity:</b>	Pearl Global Limited
<b>ABN:</b>	90 118 710 508
<b>Reporting period:</b>	For the year ended 30 June 2020
<b>Previous period:</b>	For the year ended 30 June 2019

## 2. Results for Announcement to Market

\$ AUD		2020	2019
Revenues from ordinary activities	Up 962%	1,839,969	173,226
Loss from ordinary activities	Down 6.5%	4,403,349	4,710,054
Loss before interest and tax (EBIT) from ordinary activities	Up 51.9%	6,957,250	4,580,815
Loss from ordinary activities attributable to the owners of Pearl Global Limited	Down 6.5%	4,403,349	4,710,054
Loss for the year attributable to the owners of Pearl Global Limited	Down 6.5%	<b>4,403,349</b>	<b>4,710,054</b>

## 3. Net tangible assets

Cents	2020	2019
Net tangible assets per ordinary security	1.26	4.36

## 4. Control gained over entities

Name of entities (or group of entities) Australian Tyre Processors Pty Ltd  
 Date control gained 15 August 2019

\$ AUD	
Profit/(loss) of such entities to the reporting entity's loss from ordinary activities before income tax during the period (where material)	1,153,246
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

## 5. Loss of control over entities

Not applicable.

## 6. Dividends

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

## 7. Dividend reinvestment plans

Not applicable.

## 8. Status of audit

This Appendix 4E is based on a Financial Report that is in the process of being audited.

## 9. Audit dispute or qualification

Not applicable.

## 10. ASIC relief – Extended Reporting and Lodgement Deadlines

On 13 May 2020, ASIC announced that it would extend the deadline for both listed and unlisted entities to lodge financial reports under Chapters 2M and 7 of the Corporations Act by one month for certain balance dates. ASIC-CI 2020/451 applies to annual reports for a financial year that ends between 21 February 2020 and 7 July 2020 (both inclusive) and to half yearly reports for a half year that ends between 15 March 2020 and 7 July 2020 (both inclusive). Under that relief, the deadline for lodgement of full year financial reports, directors' reports and auditor's reports with ASIC is extended from three months to four months after year end.

The Company is relying on the ASIC Relief to extend the lodgement date for its audited annual accounts and the other documents required to be lodged with ASIC under section 319 of the Corporations Act.

The Company will immediately make a further announcement to the market if there is a material difference between its unaudited annual accounts and its audited annual accounts.

## 11. Commentary on results

Revenue for the year ending 30 June 2020 increased 962.1% to \$1.84 million (2019: \$173,226) largely due to increased fees received for the collection of tyres by Pearl following its acquisition of Australian Tyre Processors Pty Ltd as announced in the prior financial year. Pearl also increased volumes of tyres processed and sales of the fuel oil, steel and carbon char generated from Pearl's unique tyre processing technology.

Pearl is a developing industrial technology company, focussed on the clean conversion of waste tyres for regenerating resources to achieve the multiple benefits of "best of breed" environmental outcomes from waste streams (target net zero emissions), and economic benefit for shareholders and other stakeholders. Our thermal desorption process provides the opportunity to overhaul and completely disrupt the current waste tyre supply chain processes. Pearl is the only EPA licensed tyre processing company that is operating commercially, using the process of thermal desorption to achieve its goals.

During the period several milestones were achieved. The clean conversion of waste tyres processed increased to 3,674 tonnes (2019: 1,125 tonnes) an increase of 225 percent. Liquid fuels produced from operations increased to 1,543 tonnes (2019: 472 tonnes), carbon char to 1,322 tonnes (2019: 405 tonnes) and steel to 367 tonnes (2019: 112 tonnes). The Company's revenues grew from \$173,226 in 2019 to \$1.84 million in 2020 being a 962% gain.

In September 2019, Pearl was the first business to be awarded a grant under the Queensland Government's Waste to Biofutures program. The Company secured a \$250,000 dollar for dollar grant to implement stage 1 of its waste to energy plan, which will convert existing clean waste gases to power for its own use, reducing the requirement and cost of relying on grid power. In October 2019, Pearl announced that due to its rapid growth the executive team would relocate from Perth to its operational site in Stapylton, Queensland to better oversee operations.

The Company also announced the completion of the acquisition of Australian Tyre Processors Pty Ltd (ATP) for \$600,000 and 1.5 million ordinary shares in Pearl Global. ATP is the used tyre collection and pre-processing business of Pearl. The Company collects and shreds tyres in readiness for Pearl's thermal desorption processing. ATP secured an \$800,000 dollar for dollar grant from the Queensland Government during the period. The Grant was provided due to the strong environmental benefits of ATP providing its shredded tyres to Pearl's clean conversion process. The acquisition was synergistic to the business. It secures a consistent supply of feedstock and adds income to the Group by charging a gate fee for collecting the feedstock. The acquisition of ATP led to Pearl expanding its footprint at its location in Stapylton allowing ATP to integrate with Pearl on a co-location basis, providing better operational oversight. The site expansion also allowed for further thermal desorption units to be built and housed at Pearl's showcase facility.

With operational success proven through its existing 2 thermal desorption units (TDUs), and increased demand from used tyre customers to utilise Pearl's business to dispose of their tyres the Company announced plans to construct a third TDU to be installed in early 2020. COVID-19 delayed certain parts and equipment coming from China, but completion of the build and commissioning of TDU3 was successfully completed in June 2020.

In April 2020, an important milestone was achieved with the signing of an offtake agreement for Pearl's tyre derived liquid fuels and its carbon char. The Agreement is to supply up to 10,000 tonnes per annum of fuels and 7,000 tonnes of carbon char to Aussee Asphalt Road Services Pty Ltd, with the fuel being used as a diesel replacement for energy to their plant and the carbon char used in their asphalt blends. The beginning of the asphalt plant commissioning period was expected to commence in May 2020, but due to required upgrade components coming from Germany being delayed by COVID-19, the commissioning period was pushed back by 12 weeks.

The financial year created a number of challenges for the business, particularly with COVID-19 related delays. Reduced global oil prices also impacted the Company's international sales pricing. Nevertheless, the Company's operations continued to operate throughout the COVID crisis, and significant progress has been made in operating improvements, commissioning of the third TDU, and overall operational success.

The Company recorded a consolidated loss of \$4.4 million for the year (2019: \$4.71 million loss). Capital expenditure of \$3.122 million (2019: \$916,533) was spent in establishing the platform for 2021 growth. This expenditure will provide the ability for the Company to increase its revenues in 2021. Delays in equipment coming from overseas for Pearl's third TDU and the delays experienced by Aussee Asphalt due to COVID-19 lowered revenues from our expectations and delayed our path to profitability. However, Pearl was able to focus

and expand on securing offtake agreements with domestic users of its products, identifying a mass market opportunity in the asphalt and bitumen industry with revenues beginning in FY2021.

As a rapidly growing Company able to show increasing revenues and a unique position in the waste management sector, Pearl successfully completed two capital raisings: \$2.16 million was received in the first raising and commitments of \$5 million were received in the second, of which \$1.74 million was received prior to balance date.

Pearl will continue to apply its unique, next generation technology to cleanly convert Australia's waste tyre stream into high value products and increase its sales. It will continue to pursue its near-term goal of expanding its domestic sales to the large and available market within the asphalt and bitumen industries.

Pearl remains the only entity in Australia with thermal industrial technology that has received EPA approval to operate and that is commercially operating. The group will remain focussed on increasing its revenues from the multiple channels available to it whilst enhancing its product offering.

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# Pearl Global Limited

## Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2020

\$ AUD	Note	2020	2019
Revenue	3	1,839,969	173,226
Other income	4	2,136,031	694,612
Operating Expenses	5	(3,516,168)	(1,748,546)
Depreciation		(1,322,592)	(377,037)
Amortisation of intangibles		(206,250)	(206,250)
Employee benefit expense		(1,401,371)	(1,079,225)
Finance costs	6	(74,688)	(10,709)
Other expenses	5	(2,256,288)	(2,037,594)
<b>Operating loss</b>		<b>(4,801,357)</b>	<b>(4,591,523)</b>
Income tax benefit / (expense)		398,008	(118,531)
<b>Total comprehensive loss</b>		<b>(4,403,349)</b>	<b>(4,710,054)</b>
<b>Earnings per share</b>			
Basic & diluted loss per share (cents per share)	7	(2.11)	(3.11)

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

# Pearl Global Limited

## Consolidated Statement of Financial Position

As at 30 June 2020

\$ AUD	Note	2020	2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,213,152	5,410,200
Trade and other receivables		1,127,617	592,745
Other current assets		158,837	97,680
<b>Total current assets</b>		<b>3,499,606</b>	<b>6,100,625</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	8	4,623,544	2,074,740
Right-to-use asset	10	2,756,132	-
Development assets	9	2,095,642	2,095,642
Other intangible assets	11	1,404,454	893,750
<b>Total non-current assets</b>		<b>10,879,722</b>	<b>5,064,132</b>
<b>Total assets</b>		<b>14,379,378</b>	<b>11,307,619</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,626,633	433,102
Provisions		247,748	140,615
Lease liability	1(c)	136,904	-
<b>Total current liabilities</b>		<b>2,011,285</b>	<b>537,717</b>
<b>Non-Current Liabilities</b>			
Deferred tax		757,765	1,146,855
Lease liability	1(1c)	2,728,074	-
<b>Total non-current liabilities</b>		<b>3,485,839</b>	<b>1,146,855</b>
<b>Total liabilities</b>		<b>5,497,124</b>	<b>1,720,572</b>
<b>Net assets</b>		<b>8,882,253</b>	<b>9,587,047</b>
<b>EQUITY</b>			
<b>Equity attributable to the holders of the parent</b>			
Issued Capital	12	23,276,181	19,303,854
Options reserve	12	4,609,986	4,609,986
Accumulated losses		(19,003,915)	(14,326,793)
<b>Total equity</b>		<b>8,882,253</b>	<b>9,587,047</b>

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

# Pearl Global Limited

## Consolidated Statement of Cash Flows

For the financial year ended 30 June 2020

\$ AUD	Note	2020	2019
<b>Cash flows from operating activities</b>			
Receipts from customers		2,138,583	261,878
Payments to suppliers and employees		(7,058,161)	(4,527,774)
Receipt of government grants and incentives		1,374,184	722,531
Interest received		5,018	5,980
Interest paid		(74,688)	-
<b>Net cash outflow used in operating activities</b>		<b>(3,615,064)</b>	<b>(3,527,355)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		(3,122,927)	(26,461)
Proceeds from disposal of property, plant & equipment		36,006	-
Deposits and bonds		13,974	-
Payments for development asset		-	(890,073)
Investment in subsidiary, net of cash acquired		(427,869)	-
<b>Net cash outflow used in investing activities</b>		<b>(3,500,816)</b>	<b>(916,534)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		3,902,876	7,135,500
Share / options issue costs		(95,549)	(88,140)
Repayment of lease liabilities		54,290	-
Proceeds from borrowings		35,379	256,937
Repayment of borrowings		-	(156,937)
Borrowing costs		-	(10,709)
<b>Net cash inflows from financing activities</b>		<b>3,896,996</b>	<b>7,136,651</b>
Net (decrease)/increase in cash and cash equivalents		(3,199,595)	2,682,762
Cash and cash equivalents at the beginning of the financial year		5,410,200	2,727,438
Net effects of exchange rate on cash and cash equivalents		2,547	-
<b>Cash and cash equivalents at the end of the financial year</b>		<b>2,213,152</b>	<b>5,410,200</b>

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

# Pearl Global Limited

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

Consolidated Equity 30 June 2020 \$ AUD	Issued capital	Other equity component	Option reserve	Accumulated losses	Total equity
<b>Balance as at 1 July 2019</b>	19,303,854	-	4,609,986	(14,326,793)	9,587,047
Adjustment upon adoption of AASB 16 <sup>1</sup>	-	-	-	(3,979)	(3,979)
<b>Restated Balance as at 1 July 2019</b>	<b>19,303,854</b>	-	<b>4,609,986</b>	<b>(14,330,772)</b>	<b>9,583,068</b>
Loss for the year				(4,403,349)	(4,403,349)
<b>Total comprehensive loss for the year</b>				<b>(4,403,349)</b>	<b>(4,403,349)</b>
Shares issued during the period	4,066,877				4,066,877
Share issue costs	(95,549)				(95,549)
<b>Balance as at 30 June 2020</b>	<b>23,276,181</b>	-	<b>4,609,986</b>	<b>(19,003,915)</b>	<b>8,882,253</b>

Consolidated Equity 30 June 2019 \$ AUD	Issued capital	Other equity component	Option reserve	Accumulated losses	Total equity
<b>Balance as at 1 July 2018</b>	10,406,494	1,750,000	4,607,713	(9,616,739)	7,147,468
Loss for the year				(4,710,054)	(4,710,054)
<b>Total comprehensive loss for the year</b>				<b>(4,710,054)</b>	<b>(4,710,054)</b>
Shares issued during the period	9,066,000	(1,750,000)			7,316,000
Share issue costs	(168,640)				(168,640)
Issue of options			2,273		2,273
<b>Balance as at 30 June 2019</b>	<b>19,303,854</b>	-	<b>4,609,986</b>	<b>(14,326,793)</b>	<b>9,587,047</b>

<sup>1</sup> The Group has initially applied AASB 16 Leases using the modified retrospective approach from 1 July 2019. Under this method, the comparative information has not been restated.

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

# Pearl Global Limited

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies

To assist in the understanding of the financial statements, the following summary explains the material accounting policies that have been adopted in the preparation of the financial statements.

#### (a) Basis of Preparation

The preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E, Australian Accounting Standards and the *Corporations Act 2001*.

The preliminary financial report complies with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and is in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The preliminary financial report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for Pearl Global Limited for the financial year ended 30 June 2019, the 31 December 2019 half-year report and any public announcements made by Pearl Global Limited and its controlled entities during the year ended 30 June 2020 in accordance with the continuous disclosure requirements of the ASX Listing Rules.

The preliminary financial report was authorised for issue by the Directors on 31 August 2020.

#### (b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the entities controlled by Pearl Global Limited at the end of the reporting period. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- powers over the investee that give it the ability to direct the relevant activities of the investee,
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

Where the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee, including:

- the contractual arrangement with the other vote holders of the investee,
- rights arising from other contractual arrangements, and
- the group's voting rights and potential voting rights.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the group. Where controlled entities have entered or left the group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

#### (c) AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

The Company has applied the new accounting standard AASB16 Leases from 1 July 2019. Under AASB 16, the Company recognises right of use assets and lease liabilities.

The Company recognises a right of use asset and a lease liability at the commencement of the lease. The right of use asset is initially measured at cost less any lease incentives. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right of use asset is reviewed for any impairment.

The lease liability is initially measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rates as at 1 July 2019.

The Company excludes short term leases with less than 12 months tenure and leases relating to low value assets from the above recognition, these lease payments are recognised as an expense on a straight-line basis over the lease term.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The adjustments to the Consolidated Statement of Financial Position are as follows:

# Pearl Global Limited

\$ AUD

1 July 2019

Increase in Right of Use Assets - property	215,538
Increase in Lease Liabilities (Current)	(82,614)
Increase in Lease Liabilities (Non- Current)	(136,903)
Increase in Deferred Tax Asset	-
Cumulative Impact on Retrospective Application of Standard to Opening Retained Earnings	(3,979)

## (d) Business combinations

### Australian Tyre Processors Pty Ltd

On 15 August 2019, Pearl Global Limited, acquired 100% of the ordinary share capital and voting rights of ATP. This transaction constitutes a business combination under AASB 3. The initial accounting for the acquisition of ATP has only been provisionally determined at the half-year ended. At the date of this interim financial statements, the necessary identification and fair value assessment of the separately identifiable intangible assets acquired have not been finalised and they have therefore only been provisionally determined and group together as an intangible asset.

### Acquisition consideration

The fair value of the consideration for the issued capital of ATP was \$765,000. Details as follows:

\$ AUD

#### Fair value of consideration transferred

Cash consideration	300,000
1,500,000 shares at \$0.11 per share	165,000
Cash consideration subject to Milestone 1 being met	150,000
Cash consideration subject to Milestone 2 being met	150,000
<b>Total consideration</b>	<b>765,000</b>

The necessary conditions for both Milestones 1 and 2 have been met, however as at balance date the cash consideration related to Milestone 2 was still payable.

### Goodwill

The identifiable net assets of the acquiree are remeasured to their fair value on the date of acquisition (i.e. the date that control passes). Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of the acquired. Details of the transactions are as follows:

\$ AUD

#### Fair value of identifiable assets and liabilities held at acquisition date:

Cash	22,131
Trade and other receivables	128,410
Fixed assets	756,408
Other assets	53,242
Trade and other payables	(159,081)
Borrowings	(752,577)
<b>Fair value of identifiable assets and liabilities assumed</b>	<b>48,533</b>
<b>Total goodwill on acquisition of ATP</b>	<b>716,467</b>

Purchase consideration settled in cash	600,000
Cash acquired on acquisition	(22,131)
<b>Net cash outflow on acquisition</b>	<b>577,869</b>

# Pearl Global Limited

## 3. Operating segments

### (a) Identification of reportable segments

The Group identifies its operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. Until last financial year, the Group had one reportable operating segment being the manufacture and supply of tyre derived oil, tyre derived carbon char and related recovered raw materials. As a result of the acquisition of Australian Tyre Processors Pty Ltd during the year ended 30 June 2020, the Group has added tyre processing as an additional operating segment.

### (b) Segment Performance

Consolidated 2020	Manufacturing	Tyre processing	Corporate	Total
Sales to external customers	295,731	1,544,238	-	1,839,969
Other revenue	247,156	1,039,863	849,013	2,136,032
<b>Total revenue and other income</b>	<b>542,887</b>	<b>2,584,101</b>	<b>849,013</b>	<b>3,976,000</b>
Overheads	(3,545,331)	(1,322,201)	(2,400,845)	(7,268,377)
<b>EBITDA</b>	<b>(3,002,908)</b>	<b>1,261,900</b>	<b>(1,556,386)</b>	<b>(3,297,395)</b>
Depreciation and amortisation	(352,885)	(135,232)	(1,040,725)	(1,528,842)
Finance costs	-	-	(74,688)	(74,688)
<b>Loss before income tax expense</b>	<b>(3,355,793)</b>	<b>1,126,668</b>	<b>(2,666,782)</b>	<b>(4,801,357)</b>
Income tax benefit / (expense)				398,008
<b>Loss after income tax expense</b>				<b>(4,403,349)</b>
<b>Segment assets</b>	3,684,818	2,054,414	8,640,146	14,379,378
<b>Segment liabilities</b>	3,851,767	207,890	1,437,467	5,497,124
<b>Net assets as at 30 June 2020</b>	<b>(166,949)</b>	<b>1,846,523</b>	<b>7,202,679</b>	<b>8,882,253</b>

Consolidated 2019	Manufacturing	Tyre processing	Corporate	Total
Sales to external customers	173,226	-	-	173,226
Other revenue	657,590	-	37,022	694,612
<b>Total revenue and other income</b>	<b>830,816</b>	<b>-</b>	<b>37,022</b>	<b>867,838</b>
Overheads	(2,067,528)	-	(2,803,817)	(4,871,345)
<b>EBITDA</b>	<b>(1,236,712)</b>	<b>-</b>	<b>(2,766,795)</b>	<b>(4,003,507)</b>
Depreciation and amortisation	(27,222)	-	(556,065)	(583,287)
Interest revenue	-	-	5,980	5,980
Finance costs	-	-	(10,709)	(10,709)
<b>Loss before income tax expense</b>	<b>(1,263,934)</b>	<b>-</b>	<b>(3,327,589)</b>	<b>(4,591,523)</b>
Income tax benefit / (expense)				(118,531)
<b>Loss after income tax expense</b>				<b>(4,710,054)</b>
<b>Segment assets</b>	5,938,300	-	5,369,319	11,307,619
<b>Segment liabilities</b>	1,796,758	-	528,770	2,325,528
<b>Net assets as at 30 June 2019</b>	<b>4,141,542</b>	<b>-</b>	<b>4,840,549</b>	<b>8,982,091</b>

## 4. REVENUE

\$ AUD	2020	2019 restarted
Fees for collection of end-of-life tyres	1,455,428	-
Sales from oil derived from tyres	294,809	125,152
Sales from carbon derived from tyres	-	9,430
Sales from steel derived from tyres	89,732	12,099
Other operating revenue	-	26,545
<b>Total operating revenue</b>	<b>1,839,969</b>	<b>173,226</b>

# Pearl Global Limited

## 5. OTHER INCOME

\$ AUD	2020	2019
Sub-lease income	98,507	134,083
Insurance recoveries	17,146	-
Federal government R&D grant	762,359	554,549
Queensland government grant	800,000	-
Federal government JobKeeper & PAYG Cash Boost grants	160,000	-
Western Australian government rebate	2,500	-
Interest income	5,018	5,980
Gain on disposal of non-current asset	193,673	-
Other operating revenue	96,830	-
<b>Total operating revenue</b>	<b>2,136,031</b>	<b>694,612</b>

For the year ended 30 June 2020, the Group recognised government grant income of \$160,000 as part of Australian government COVID-19 measures. As at 30 June 2020, \$12,500 of government grants were receivable related to the Australian Government COVID-19 Job Keeper program for the month of June 2020. There were no unfulfilled conditions or other contingencies attaching to these grants. These June 2020 month grants were received in July 2020.

## 6. EXPENSES

Loss includes the following specific expenses:

\$ AUD	2020	2019
<b>Operating expenses:</b>		
Rent and occupancy	-	365,317
Wages	1,954,439	367,321
Hire of plant & equipment	283,545	85,703
Maintenance	130,460	327,990
Fuel & power	759,635	284,812
Other operating expenses	388,089	317,403
<b>Total operating expenses</b>	<b>3,516,168</b>	<b>1,748,546</b>
<b>Other expenses:</b>		
Rent and occupancy	494,639	166,640
Travel expenses	164,848	147,401
Insurance	164,148	198,957
Marketing	274	445
Company secretarial	30,037	36,000
Accounting and audit	107,154	92,291
Regulatory expenses	115,013	62,305
Professional and consultancy fees	546,886	674,781
Other expenses	633,289	746,774
<b>Total other expenses</b>	<b>2,256,288</b>	<b>2,125,736</b>

This is the first set of the Group's annual financial statements in which AASB 16 Leases is applied. Under the transition method chosen, comparative information is not restated. The 30 June 2020 results are therefore not directly comparable to prior years. Changes to significant accounting policies and the impact of applying the new standards are described in Note 1(b).

## 7. FINANCE COSTS

\$ AUD	2020	2019
<b>Finance costs and finance income for the period consists of the following:</b>		
Finance costs		
Interest expense for borrowings	74,688	10,709
<b>Total finance costs</b>	<b>74,688</b>	<b>10,709</b>

# Pearl Global Limited

## 8. LOSS PER SHARE

\$ AUD	2020	2019
<b>(a) Basic earnings per share:</b>		
Loss from continuing operations attributable to owners of Pearl Global Limited used to calculate basic earnings per share	4,403,349	4,710,054
<b>(b) Diluted earnings per share</b>		
Loss from continuing operations attributable to owners of Pearl Global Limited used to calculate diluted earnings per share	4,403,349	4,710,054
<b>Number of shares</b>		
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted earnings per share	208,538,743	151,241,736
Loss per share attributable to owners of the Company:		
Diluted loss per share (cents per share)	(2.11)	(3.11)

Options being potential shares are not considered dilutive and have not been used to calculate diluted loss per share.

## 9. PROPERTY, PLANT AND EQUIPMENT

\$ AUD	2020	2019
Cost	6,418,314	2,963,493
Accumulated depreciation	(1,794,770)	(888,753)
<b>Balance at the end of the year</b>	<b>4,623,544</b>	<b>2,074,740</b>
<b>Movements</b>		
Balance at the beginning of the year	2,074,740	2,425,316
Additions	4,338,030	26,461
Depreciation	(1,322,592)	(377,037)
Written-off	(466,634)	-
<b>Balance at the end of the year</b>	<b>4,623,544</b>	<b>2,074,740</b>

## 10. DEVELOPMENT ASSETS

\$ AUD	2020	2019
Cost	2,095,642	2,095,642
Accumulated depreciation	-	-
<b>Balance at the end of the year</b>	<b>2,095,642</b>	<b>2,095,642</b>
<b>Movements</b>		
Balance at the beginning of the year	2,095,642	1,205,570
Additions	-	890,072
Depreciation	-	-
Written-off	-	-
<b>Balance at the end of the year</b>	<b>2,095,642</b>	<b>2,095,642</b>

# Pearl Global Limited

## 11. RIGHT-TO-USE ASSET

\$ AUD	2020	2019
Cost	3,232,392	-
Accumulated depreciation	(476,260)	-
<b>Balance at the end of the year</b>	<b>2,756,132</b>	<b>-</b>
<b>Movements</b>		
Balance at the beginning of the year	215,538	-
Additions	2,973,747	-
Depreciation	(433,153)	-
Written-off	-	-
<b>Balance at the end of the year</b>	<b>2,756,132</b>	<b>-</b>

## 12. OTHER INTANGIBLE ASSETS

\$ AUD	2020	2019
Goodwill on consolidation of Australian Tyre Processors Pty Ltd	716,467	-
Manufacturing rights	1,650,000	1,650,000
Accumulated amortisation	(962,013)	(756,250)
<b>Balance at the end of the year</b>	<b>1,404,454</b>	<b>893,750</b>

The manufacturing rights comprise the right to manufacture TDUs using the intellectual property owned by Keshi Technologies Pty Ltd. The Company amortises its other manufacturing rights using straight line method for a period of 8 years, being the standard useful life of innovative patent in Australia.

## 13. ISSUED CAPITAL

### (a) Ordinary Shares as at 30 June 2020

Consolidated	2020	2019	2020	2019
	No. shares	No. shares	\$	\$
Beginning of the financial year	199,453,880	144,830,484	19,303,854	12,156,494
Shares issued as consideration for ATP acquisition	1,500,000	-	165,000	-
Shares issued via private placement	50,238,470	50,920,074	3,902,876	6,732,500
Shares issued as consideration for services	-	350,000	-	80,500
Shares issued via Share Purchase Plan	-	2,686,656	-	403,000
Shares issued in settlement of loan	-	666,666	-	100,000
less: issue costs	-	-	(95,549)	(168,640)
<b>End of financial year</b>	<b>251,192,350</b>	<b>199,453,880</b>	<b>23,276,181</b>	<b>19,303,854</b>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### (b) Options Reserve as at 30 June 2020

Consolidated	2020	2019	2020	2019
	No. shares	No. shares	\$	\$
Beginning of the financial year	74,455,933	45,319,238	4,609,986	4,607,713
Options issued as remuneration	-	2,000,000	-	2,273
Options issued attached to private placement	-	25,460,047	-	-
Options issued as consideration for services	-	-	-	-
Options issued via Share Purchase Plan	-	1,343,315	-	-
Options issued in settlement of loan	-	333,333	-	-
less: expired options	(27,183,478)	-	-	-
<b>End of financial year</b>	<b>47,272,455</b>	<b>74,455,933</b>	<b>4,609,986</b>	<b>4,609,986</b>