

OpenDNA Limited

ACN: 613 410 398

ASX Preliminary Final Report

Appendix 4E

30 June 2019

Results for Announcement to the Market

This Preliminary Final Report for OpenDNA Limited ('OpenDNA' or the 'Company') is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period: 30 June 2019

Previous Corresponding Period: 30 June 2018

For and on behalf of the Directors



Peter Torre
Company Secretary
Dated: 29 August 2019

Review of operations

Review of Operations

The 2018/19 year was transformational for OpenDNA with the Company commercialising applications for its Artificial Intelligence System (“AIS”) and Machine Learning platform, while growing revenue and its customer base.

The Company completed the acquisition of RooLife Limited (“RooLife”), CHOOSE Digital Pty Ltd (“CHOOSE Digital”) in December 2018 and most recently (in April 2019) Blackglass Pty Ltd (“Blackglass”) and incorporated OpenDNA’s AIS into the products and services provided by these companies.

The OpenDNA group now provides fully integrated digital marketing and customer acquisition services focused on driving online sales of products and services by better understanding the customer and provides these services to a growing list of companies and brands.

The Company’s fully integrated digital marketing capabilities focusses on the development and implementation of customer acquisition strategies, helping businesses make the most of their online positioning.

The Company has expanded its digital services and capability to work with businesses to market their products online and grow brand awareness and sales in Australia and in China.

Through personalised, real-time, targeted marketing focussed on driving sales in Australia and also in China via the Company’s Roolife online e-Commerce marketplace, OpenDNA assists businesses to sell directly to Chinese consumers, processing payment via the WeChat and Alipay mobile payments platforms.

Commencing in December 2018 OpenDNA has been able to rapidly build a diverse, high-quality customer base with multiple revenue streams which are expected to contribute to the growth and reach of the Company’s operations in both Australia and China.

The Company provides Australian businesses with access to Mandarin-language mobile shopping platforms with integrated China-specific mobile payment processing via WeChat or Alipay with enhanced customer intelligence provided by OpenDNA’s AIS and machine-learning platform.

OpenDNA is able to seamlessly process the purchase of products and services from WeChat and Alipay made by Chinese in Australia in AUD or CNY, optimising the Company’s position with foreign exchange transactions.

The service optimises transactions between RooLife’s merchants and customers in Australia, delivering fast settlement, via an Australian domestic funds transfer to the merchant’s Australian account in AUD from WeChat and Alipay payment transactions made by Chinese when in Australia.

Utilising OpenDNA’s AIS, RooLife’s e-Commerce platforms are able to continuously assess and refine the products offered to customers and gather intelligence about customers’ preferences and buying habits.

With the integration of OpenDNA’s AIS the Company is positioned to build unrivalled customer intelligence and access to new customer opportunities across multiple industry sectors to drive further revenue growth.

In April 2019, the Company announced the acquisition of digital marketing Company, Blackglass, extending the group’s digital marketing expertise and capability to service the online marketing, customer acquisition and profiling requirements of its customers and the Company’s own RooLife business.

The Company rationalised the group's operations and geographic footprint and has now established offices in Sydney, Perth, Singapore and China focussed on servicing its clients' requirements in these jurisdictions.

In the last six months of the financial year OpenDNA entered into agreements with a number of pharmaceutical and skincare product providers to sell well-known and widely distributed products from Australian manufacturers into China. These products are sold widely through pharmacies in Australia and are expected to have strong market appeal in China through the RooLife platforms.

OpenDNA's RooLife provides all requirements for brands to sell their products in China including licencing, marketing, logistics, payment collection, processing and is able to provide valuable intelligent insights into customer buying behaviour.

In May, the Company appointed a distributor in China for the sale and distribution of its Artificial Intelligence and Machine Learning technology targeting e-Commerce applications.

During the year the Company developed its e-Commerce Artificial Intelligence Recommendation Engine, Daishu, which is used in its RooLife e-Commerce platform. Daishu is designed to optimise sales by making the most appropriate recommendations to online shoppers while providing valuable insights for its customers into consumer preferences and behaviours. This is invaluable to help profile the brand segments and products most suitable and in demand with online consumers and generate ongoing and recurring purchases.

The platform is expected to have wide application in China where consumers are early and eager tech adopters, which is reflected by smartphone penetration rates across China and the high percentage of sales which occur on mobile devices in China.

In the 2019/20 financial year OpenDNA is aiming to develop and grow its customer base across multiple industry verticals, expanding the application of its digital marketing, AI and e-Commerce capabilities both in Australia and China.

The Company is aiming to continue to:

- Grow the high-quality customer base for its digital services in Australia;
- Expand its digital services in China;
- Assist Australian businesses and brands to successfully enter the China market; and
- Develop strategic sales partnerships in key verticals including Tourism & Airports, Diagon and Student channels and Online and Retail sales.

Operating results for the year

The Group has recorded a net loss after tax of \$3,309,485 (30 June 2018: net loss after tax of \$3,967,854).

Review of financial position

The net assets of the group as at 30 June 2019 were \$5,250,974 (30 June 2018: \$2,666,368), comprised of the following key items:

- Cash and cash equivalents \$2,093,478 (30 June 2018: \$669,840); and
- Intangible assets of \$3,616,597 (30 June 2018: \$2,302,351).

Summary results for the year ended 30 June 2019

The following is a summary of the financial results for the year ended 30 June 2019.

Results for announcement to the market

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000	Increase / (Decrease) \$'000	% Change
Revenue from continuing operations	712	132	580	439%
Loss before income tax benefit	(3,529)	(4,254)	(725)	22%
Income tax benefit	220	286	(66)	(23%)
Net loss for the year	(3,309)	(3,968)	(659)	22%

Dividends

No dividends were declared or paid during the year.

**Preliminary consolidated statement of profit or loss
and other comprehensive income
For the year ended 30 June 2019**

	Notes	2019 \$	2018 \$
Continuing operations			
Revenue		705,630	118,739
Interest income		6,095	13,024
Direct expenses of providing services		(448,814)	-
Depreciation and amortisation expense		(296,617)	(309,838)
Share based payment expense		(89,349)	(109,599)
<i>Other expenses</i>			
Consulting fees		(276,680)	(344,355)
Employee costs		(2,030,648)	(2,593,480)
Travel and accommodation costs		(153,569)	(145,003)
Other expenses		(945,400)	(883,554)
Loss before income tax		(3,529,352)	(4,254,066)
Income tax benefit		219,867	286,212
Net loss for the year		(3,309,485)	(3,967,854)
Other comprehensive loss, net of income tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(16,562)	(6,439)
Other comprehensive loss for the year, net of income tax		(16,562)	(6,439)
Total comprehensive loss for the year		(3,326,047)	(3,974,293)
Basic loss per share (cents per share)	1	1.95	3.78
Diluted loss per share (cents per share)	1	1.95	3.78

The accompanying notes form part of these financial statements

**Preliminary consolidated statement of financial position
As at 30 June 2019**

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents		2,093,478	669,840
Trade and other receivables		392,637	303,564
Other current assets		33,027	147,598
Total current assets		2,519,142	1,121,002
Non-current assets			
Property, plant and equipment		3,934	56,755
Deferred tax assets		384,462	222,577
Intangible assets	5	3,616,597	2,302,351
Total non-current assets		4,004,993	2,581,683
Total assets		6,524,135	3,702,685
Liabilities			
Current liabilities			
Trade and other payables		887,640	592,960
Total current liabilities		887,640	592,960
Non-current liabilities			
Deferred tax liabilities		385,521	443,357
Total non-current liabilities		385,521	443,357
Total liabilities		1,273,161	1,036,317
Net assets		5,250,974	2,666,368
Equity			
Issued capital	3	18,560,841	13,646,581
Reserves		1,680,708	700,877
Accumulated losses		(14,990,575)	(11,681,090)
Total equity		5,250,974	2,666,368

The accompanying notes form part of these financial statements

**Preliminary consolidated statement of changes in equity
For the year ended 30 June 2019**

Year ended 30 June 2019

	Notes	Issued capital \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2018		13,646,581	831,105	(130,228)	(11,681,090)	2,666,368
Loss for the year		-	-	-	(3,309,485)	(3,309,485)
Other comprehensive loss, net of income tax		-	-	(16,562)	-	(16,562)
Total comprehensive loss for the year		-	-	(16,562)	(3,309,485)	(3,326,047)
Shares issued	3	5,618,270	-	-	-	5,618,270
Share issue costs	3	(704,010)	-	-	-	(704,010)
Value of performance shares issued as consideration for acquisition of subsidiaries		-	533,334	-	-	533,334
Share-based payments		-	463,059	-	-	463,059
Balance as at 30 June 2019		18,560,841	1,827,498	(146,790)	(14,990,575)	5,250,974

Year ended 30 June 2018

	Notes	Issued capital \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2017		13,646,581	721,506	(123,789)	(7,713,236)	6,531,062
Loss for the year		-	-	-	(3,967,854)	(3,967,854)
Other comprehensive loss, net of income tax		-	-	(6,439)	-	(6,439)
Total comprehensive loss for the year		-	-	(6,439)	(3,967,854)	(3,974,293)
Share-based payments		-	109,599	-	-	109,599
Balance as at 30 June 2018		13,646,581	831,105	(130,228)	(11,681,090)	2,666,368

The accompanying notes form part of these financial statements

Preliminary consolidated statement of cash flows
For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		983,761	114,957
Payments to suppliers and employees		(3,815,744)	(3,556,977)
Interest received		6,095	11,990
Other – Research and Development cash rebate received		293,629	344,384
Net cash outflow from operating activities		(2,532,259)	(3,085,646)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		7,326	-
Payments for property, plant and equipment		(26,945)	(8,790)
Payment for intangible assets		(50,000)	-
Payments to acquire subsidiaries, net of cash acquired	6	(179,361)	-
Net cash outflow from investing activities		(248,980)	(8,790)
Cash flows from financing activities			
Proceeds from issue of shares		4,500,000	-
Payments for share issue costs		(274,701)	-
Repayment of borrowings		(28,780)	-
Net cash inflow from financing activities		4,196,519	-
Net increase/(decrease) in cash and cash equivalents		1,415,280	(3,094,436)
Cash and cash equivalents at the beginning of the year		669,840	3,747,988
Effect of exchange rate fluctuations on cash held		8,358	16,288
Cash and cash equivalents at the end of the year		2,093,478	669,840

The accompanying notes form part of these financial statements

Note 1: Loss per share

Basic and diluted loss per share

	2019	2018
	Cents per share	Cents per share
Total basic and diluted loss per share attributable to the ordinary equity holders of the Company	<u>1.95</u>	<u>3.78</u>

Reconciliation of loss used in calculating loss per share

	\$	\$
Loss attributable to the ordinary equity holders of the Company used in the calculation of basic and diluted loss per share	<u>3,309,485</u>	<u>3,967,854</u>

Weighted average number of shares used as the denominator

	Number	Number
Weighted average number of ordinary shares used in the denominator in calculating loss per share	<u>170,013,016</u>	<u>105,083,541</u>

Information concerning classification of securities

Options granted are considered to be potential ordinary shares and have been included in the determination of diluted loss per share to the extent to which they are dilutive (the options are not considered to be dilutive). The options have not been included in the determination of basic loss per share.

Note 2: Net tangible asset backing

	2019	2018
	\$	\$
Net assets (\$)	5,250,974	2,666,368
Less intangible assets (\$)	(3,616,597)	(2,302,351)
Net tangible assets of the Company (\$)	<u>1,634,377</u>	<u>364,017</u>
Fully paid ordinary shares on issue at balance date (number)	<u>258,264,140</u>	<u>105,083,541</u>
Net tangible asset backing per issued ordinary share at balance date (cents)	<u>0.63</u>	<u>0.35</u>

Note 3: Issued capital

	2019	2018
	\$	\$
258,264,140 / 105,083,541 Ordinary shares issued and fully paid	18,560,841	13,646,581

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the 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.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Movement in ordinary share capital

30 June 2019

Date	Details	Number of shares	Issue price	\$
1 July 2018	Opening balance	105,083,541	-	13,646,581
28 September 2018	Shares issued on placement ¹	11,428,571	0.035	400,000
28 September 2018	Shares issued to settle outstanding debts	6,783,936	0.035	237,438
11 December 2018	Shares issued on placement ¹	60,000,000	0.035	2,100,000
11 December 2018	Shares issued to settle outstanding debts	2,636,071	0.035	92,262
21 December 2018	Shares issued as consideration for the acquisition of CHOOSE Digital Pty Ltd and RooLife Limited	15,238,095	0.035	533,333
21 December 2018	Shares issued to settle outstanding debts	5,703,925	0.035	199,637
21 January 2019	Share issued on cancellation of performance shares	1	-	-
1 May 2019	Shares issued on placement ²	33,333,333	0.040	1,333,333
28 June 2019	Shares issued on placement ²	16,666,667	0.040	666,667
28 June 2019	Shares issued as consideration for corporate and investor relations	1,390,000	0.040	55,600
	Less: Transaction costs arising on share issue ³			(704,010)
30 June 2019		258,264,140		18,560,841

30 June 2018

Date	Details	Number of shares	Issue price	\$
1 July 2017	Opening balance	105,083,540	-	13,646,581
8 September 2017	Share issued on cancellation of performance shares	1	-	-
30 June 2018		105,083,541		13,646,581

Note 4: Share-based payments

(a) Performance shares

As announced by the Company on 12 September 2018, the Company entered into a binding Heads of Agreement (“HOA”) to acquire two Australian-based businesses, CHOOSE Digital and RooLife. Under the HOA, OpenDNA agreed to purchase all of the issued shares in each of CHOOSE Digital and RooLife as a single transaction, which was subsequently approved at the Company’s AGM. The consideration for the Acquisition consists of both upfront and “at risk” components, with the majority of that consideration being non-cash and based on the achievement of revenue milestones. Details of the consideration are as follows:

- On completion of the Acquisition (“Completion”), which occurred on 24 December 2018, OpenDNA paid the Acquisition vendors a total aggregate cash amount of \$150,000. A total of approximately 15.24 million OpenDNA shares were also issued to the Acquisition vendors, based on an agreed price of \$0.035 per share, which will be subject to voluntary escrow for a period of 12 months.
- At Completion, the Acquisition vendors were also issued with approximately 30.5 million performance shares, which will be split equally into two tranches and will be subject to conversion into fully paid ordinary shares in the capital of OpenDNA upon achievement of the following milestones:
 - the Tranche 1 performance shares will convert into shares in OpenDNA on a one-to-one basis upon the CHOOSE Digital and RooLife businesses first achieving aggregate revenue of \$1.8 million in a rolling 12-month period (as confirmed by audited financial statements); and
 - the Tranche 2 performance shares will convert into shares in OpenDNA on a one-to-one basis upon the CHOOSE Digital and RooLife businesses first achieving aggregate revenue of \$3 million in a rolling 12-month period (as confirmed by audited financial statements),

provided that, should either of the above revenue milestones not be achieved within 5 years of Completion, the corresponding tranche of performance shares to which that milestone relates will lapse automatically.

The Directors are of the opinion that at balance date, it is probable that the Tranche 1 milestone will be achieved. As a result, the value of the 15,238,095 Tranche 1 performance shares, being \$533,334, has been recorded as part of the acquisition consideration, with a corresponding amount recorded in the Share Based Payment Reserve. This value is based on a share price of \$0.035, being the value of the Company’s shares at the date of Completion. Full terms of the performance shares proposed to be issued to the Acquisition vendors are set out in the Company’s Notice of Annual General Meeting, dated 23 October 2018.

(b) Share Options

The following share-based payment arrangements were approved at the Company’s 2018 Annual General Meeting and 2019 General Meeting:

- 1.5 million Options were issued to the Company’s Chief Financial Officer, Richard Jarvis, in connection with the Company’s cash preservation strategy (as announced by the Company on 31 July 2018);
- 20 million Options were issued to Triple C in connection with its role as lead manager to the Placement and in consideration for the provision of ongoing corporate advisory services;
- 3.5 million Options were issued to Storm in consideration for services provided to the Company; and
- 3 million Options were issued to Triple C in connection with its role as lead manager to the placement on 28 June 2019 and in consideration for the provision of ongoing corporate advisory services.

The Options were issued on the same terms in all respects as those issued under the Placement. No other features of options granted were incorporated into the measurement of fair value.

The value brought to account in the share-based payment reserve in the year ended 30 June 2019 as a result of the above was \$456,076 of which \$26,766 relating to the fair value of Listed Options granted to Richard Jarvis was expensed to the Profit and Loss. The fair value of Options granted to Triple C and Storm amounting to \$374,523 and \$54,786 respectively (total of \$429,309), has been capitalised and included in the transaction costs arising on share issue within equity.

Note 5: Intangible assets

30 June 2019	Notes	Technology \$	Website development \$	Provisionally accounted intangibles \$	Total \$
<i>Gross carrying amount</i>					
Balance at 1 July 2018		3,210,540	14,731	2,016,181	5,241,452
Foreign currency differences		-	266	-	266
Additions		20,207	-	50,000	70,207
Acquisition through business combinations – RooLife	6	-	-	558,334	558,334
Acquisition through business combinations – CHOOSE Digital	6	-	-	658,333	658,333
Acquisition through business combinations – Blackglass	6	-	-	300,000	300,000
Balance at 30 June 2019		3,230,747	14,997	3,582,848	6,828,592
<i>Accumulated amortisation and impairment</i>					
Balance at 1 July 2018		917,297	5,623	2,016,181	2,939,101
Foreign currency differences		-	1,099	-	1,099
Amortisation expense		269,793	2,002	-	271,795
Balance at 30 June 2019		1,187,090	8,724	2,016,181	3,211,995
<i>Carrying value</i>					
30 June 2019		2,043,657	6,273	1,566,667	3,616,597
30 June 2018		2,293,243	9,108	-	2,302,351
30 June 2018		Technology \$	Website development \$	Goodwill \$	Total \$
<i>Gross carrying amount</i>					
Balance at 1 July 2017		3,210,540	14,036	2,016,181	5,240,757
Foreign currency differences		-	695	-	695
Balance at 30 June 2018		3,210,540	14,731	2,016,181	5,241,452

Note 5: Intangible assets (continued)

30 June 2018	Technology	Website development	Goodwill	Total
<i>Accumulated amortisation and impairment</i>	\$	\$	\$	\$
Balance at 1 July 2017	647,504	2,550	2,016,181	2,666,235
Foreign currency differences	-	192	-	192
Amortisation expense	269,793	2,881	-	272,674
Balance at 30 June 2018	<u>917,297</u>	<u>5,623</u>	<u>2,016,181</u>	<u>2,939,101</u>
<i>Carrying value</i>				
30 June 2018	<u>2,293,243</u>	<u>9,108</u>	<u>-</u>	<u>2,302,351</u>
30 June 2017	<u>2,563,036</u>	<u>11,486</u>	<u>-</u>	<u>2,574,522</u>

Note 6: Business combinations

On 12 September 2018, the Company entered into a binding HOA to acquire two Australian-based businesses, CHOOSE Digital and RooLife. Under the HOA, OpenDNA agreed to purchase all of the issued shares in each of CHOOSE Digital and RooLife as a single transaction, which was subsequently approved at the Company's AGM on 23 November 2018.

As announced by the Company on 21 December 2018, the Acquisition was completed and as a result, both CHOOSE Digital and RooLife became wholly-owned subsidiaries of the Company.

Details of the purchase acquisition and net assets acquired are as follows:

RooLife Limited

	\$
Cash consideration paid to Acquisition vendors	75,000
6,904,762 fully paid shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	241,667
6,904,762 Tranche 1 performance shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	241,667
6,904,762 Tranche 2 performance shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	- ¹
	<u>558,334</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	As at 19 December 2018
	\$
Other receivables	<u>100</u>
	100
Excess consideration paid over net assets acquired ²	<u>558,234</u>
	<u>558,334</u>

Note 6: Business combinations (continued)

CHOOSE Digital Pty Ltd

	\$
Cash consideration paid to Acquisition vendors	75,000
8,333,333 fully paid shares in the capital of the Company issued to the shareholders of CHOOSE Digital Pty Ltd, valued at 3.5 cents per share	291,666
8,333,333 Tranche 1 performance shares in the capital of the Company issued to the shareholders of CHOOSE Digital Pty Ltd, valued at 3.5 cents per share	291,667
8,333,334 Tranche 2 performance shares in the capital of the Company issued to the shareholders of CHOOSE Digital Pty Ltd, valued at 3.5 cents per share	- ¹
	<u>658,333</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	<i>As at</i>
	<i>December 2018</i>
	\$
Cash	10,322
Other receivables	100
Accounts receivable	108,352
Intangible asset – customer contracts ³	50,000
Accounts payable	(44,658)
Accruals	(756)
Unearned revenue	(27,588)
GST payable	(8,733)
Directors loan account	(28,024)
Deferred payment obligation ³	(50,000)
Annual leave provision	<u>(8,915)</u>
	100
Excess consideration paid over net assets acquired ²	<u>658,233</u>
	<u>658,333</u>

¹ The Tranche 2 Performance Shares have been valued at \$0.035 each, based on the share price of the Company's shares at date of acquisition. The Company will be required to record the value of these shares in its accounting records over the vesting period, however, this will only commence when the directors believe it is probable that the performance milestone will be achieved. At the date of this report, the directors cannot resolve with any certainty whether it would be considered probable that the performance milestone will be achieved. As a result, no value has been recorded in the accounting records.

² At balance date, the initial accounting for the business combination is incomplete as the Company is currently finalising the allocation of the initial excess consideration noted above. This allocation will be finalised when the 31 December 2019 half yearly financial report is produced and the provisional amounts noted above will be adjusted accordingly.

³ On 3 August 2018, CHOOSE Digital entered into a binding asset sale agreement with Velpic Limited and Dash Digital Pty Ltd ("Dash Digital"), whereby Choose Digital agreed to acquire key Customer Contracts from Dash Digital for a cash consideration of \$50,000.

Subsequently, OpenDNA and Choose Digital entered into a HOA, whereby OpenDNA agreed to provide \$50,000 in cash to Dash Digital to satisfy CHOOSE Digital's deferred payment obligation.

Note 6: Business combinations (continued)

Net cash outflow from acquisitions of RooLife and CHOOSE Digital	\$
Cash paid	150,000
Less: Cash acquired on acquisition of CHOOSE Digital	<u>(10,322)</u>
Net cash outflow	<u>139,678</u>

Blackglass Pty Ltd

Pursuant to the Company announcement on 12 April 2019, OpenDNA Limited has reached an agreement to acquire digital marketing Company, Blackglass Pty Ltd form ASX-listed IncentiaPay Limited. The consideration payable by the Company in connection with the acquisition is \$300,000, subject to a working capital adjustment, which is estimated to be approximately (\$80,000). Cash of \$100,000 was paid to the vendors with the balance of approximately \$119,594 payable subsequent to balance date.

Details of the purchase acquisition and net assets acquired are as follows:

	\$
Cash consideration paid to Acquisition vendors	100,000
Cash consideration payable to Acquisition vendors	<u>119,594</u>
	<u>219,594</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	As at 18 April 2019
	\$
Cash	60,317
Trade receivables	390,711
Other receivable	70,120
GST refundable	5,016
Accounts payable	(375,271)
Accruals	(6,345)
Other current liabilities	(151,757)
Payroll liabilities	(44,753)
Leave provisions	<u>(28,444)</u>
	(80,406)
Excess consideration paid over net assets acquired ¹	<u>300,000</u>
	<u>219,594</u>

¹ At balance date, the initial accounting for the business combination is incomplete as the Company is currently finalising the allocation of the initial excess consideration noted above. This allocation will be finalised when the 31 December 2019 half yearly financial report is produced and the provisional amounts noted above will be adjusted accordingly.

Note 6: Business combinations (continued)

Net cash outflow from acquisition of Blackglass

	\$
Cash paid	100,000
Less: Cash acquired on acquisition of Blackglass	<u>(60,317)</u>
Net cash outflow at balance date	<u>39,683</u>

Note 7: Events subsequent to the reporting date

Other than what has been disclosed in the financial report above, there have been no other material matters arising subsequent to the end of the financial year.

Note 8: Compliance statement

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